



2023 Member Report

Acknowledgement of Country



'Community' by Gabriel Stengle, a Kaurna, Ngarrindjeri and Nurrunga woman of South Australia.

Heritage and People's Choice acknowledges the Traditional Custodians of the many lands on which we live and work across Australia. We recognise their custodianship which has lasted unbroken for more than 60,000 years and which continues today. We pay our respect to Aboriginal and Torres Strait Islander cultures and to Elders past, present and future.

About this report

This 2023 Member Report provides an overview of Heritage and People's Choice's performance during the 12 months ending 30 June 2023. It accompanies the separate 2023 Financial Report, which includes the directors' report, the corporate governance statement, the financial report and the auditor's report on the financial report.

The Member Report is structured according to the five B Corp stakeholder impact areas of Our Members, Our Community, Our Environment, Our People and Our Governance.

Unless otherwise noted, data provided in the Member Report covers the period from 1 July 2022 to 28 February 2023, when Heritage Bank and People's Choice operated as separate entities plus the period from 1 March to 30 June 2023, when Heritage and People's Choice merged and formed a single organisation.

In some cases, it has not been possible to collate total figures, as Heritage Bank and People's Choice, prior to merger, compiled certain data using different methodologies.

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Heritage and People's Choice is on a mission to make Australian banking better.



Formed through the merger of two of Australia's most trusted financial organisations, we've been supporting members with their banking for almost 150 years.

Today, we're leading a new era in banking by creating a strong national alternative to the big banks. A bank that's different, that will stand up for our members, strongly support our communities and the environment, and create an outstanding working environment for our people.

We believe that together, we can build a better way for you to bank.

A photograph of two men, Michael Cameron and Peter Lock, standing side-by-side. They are both wearing dark suits, white shirts, and glasses. Michael Cameron is on the left, and Peter Lock is on the right. They are both smiling slightly. The background is a blurred office setting.

Chairman and CEO's Report

Chairman Michael Cameron and CEO Peter Lock.

A new era in Australian banking

In November 2022, the members of Heritage Bank and People's Choice voted overwhelmingly to join two respected organisations together to create something even better – not just better for members, but better for all.

Thanks to that decision we are now a strong, sustainable force for good in banking; a customer-owned organisation able to offer Australians a truly customer-focused alternative to the major banks.

The positives of the merger were made clear in our first few months of existence, with our new organisation delivering on many of our commitments to members, employees and communities, with more to come.

Thanks to significant preparatory work, the official merger on 1 March 2023 occurred smoothly. While the two organisations had to fulfil a range of legal and regulatory requirements to merge, the public brands of Heritage Bank and People's Choice remained in place while a new brand is being developed to reflect the aspirations of our new entity.

Strong performance results

As a larger, truly national banking organisation, one thing that hasn't changed is our focus on putting our members at the heart of everything we do. Therefore, it is pleasing to see that

we have remained one of Australia's most trusted financial institutions.

Across the financial year, the Net Promoter Score® (NPS®) for both our brands consistently outperformed the market average. The Heritage and People's Choice brands collectively averaged +37 compared to the market average (excluding our brands) of +9. The NPS® is a measure of members' trust and loyalty, and is calculated independently by RFI Global.

This is supported by our internal research, which shows member satisfaction averaging 82% across both brands at the end of the reporting period.

Despite intense competition, our offering of first-class products and service remained attractive with over 48,000 new members joining across the full financial year, and net member growth of 26,774.

We helped almost 15,000 people purchase a home during the year, lifting our residential lending portfolio to \$18.3 billion, an increase of 5.8%.

Total personal lending rose similarly by 5.3% to \$474 million, and total retail deposits increased by 3.7% to \$17.8 billion.

Of course, as a direct result of the merger our total assets increased considerably to \$23.3 billion, which puts us among Australia's top 10 largest banks, though we remain a fraction of the size of the Big Four banks.

We finished the financial year with a net profit after tax of \$32.1 million. Our result is calculated over the first eight months of the financial year for People's Choice and, following the merger, the remaining four months of the financial year for our new organisation.

Overall, our financial and membership results met or exceeded expectations and are a testament to the smooth transition achieved by our people.

Members benefitting from merger

While continuing to grow our membership, lending and deposits, we have also been able to deliver and develop many of the benefits which were identified and committed to ahead of the merger vote.

For example, we have removed fees and charges from a number of products, and increased the number of key branches open for Saturday trading to 15 to provide better access.

We have also increased investment in our technology and operating systems to better protect members against the threat that scams and fraud pose to the banking industry as a whole.

We have also taken significant steps in developing a new website and Mobile App, to be launched in 2024.

Enhanced career opportunities

For our people, we have provided more than 800 training, development and education courses over the reporting period to enhance career development and opportunities.

Our new employee recognition program, Shine, has been warmly received with 66% of all staff involved in the initiative in the first four months of operation, by either giving or receiving a commendation.

To further support employee wellbeing and safety, we have launched a range of wellbeing tools which employees and their families can access online. This is in addition to round-the-clock access to qualified clinicians through our Employee Assistance Program.

We have also maintained our Work from Anywhere philosophy, allowing employees to find their best balance between working from home and on-site.

Expanding community support

For our communities, we generated more than \$11 million during the year through our suite of community, fundraising and giving programs.

These included our Charitable Foundation donating \$100,000 to 20 organisations, and our Community Lottery generating more than \$1 million for 720 community groups. Work is underway to expand both these flagship initiatives nationally to help an even wider and more diverse range of community groups and charities.

Significant integration activity ahead

While we have achieved much in the initial months since the merger, there remains an immense amount of work to be done to truly form one organisation and properly harness all the benefits we identified.

Two ongoing projects stand out – the creation of our new brand and the redevelopment of our IT infrastructure.

A new brand, highlighted by a new name and logo, is crucial for our plans to develop a true national presence. Our strategy is based on extensive research conducted with members and potential members. We remain on track to announce our new look in 2024 and begin an efficient, staged national roll out.

We are also determined to create a simpler, modern IT platform while providing even higher levels of reliability and security. A detailed roadmap has been created to support this multi-year, multi-million dollar program.

To fully integrate our people, processes and systems – to become one organisation – we have developed a detailed Integration Plan which will guide all our actions and decisions.

Along with developing our brand and IT system, our Integration Plan will see the optimisation of all our business operations and drive the creation of a seamless member experience that enhances overall member services.

What is also exciting is the opportunity we are creating to reset the banking landscape in Australia. We're championing the cause of mutuality, and proving that business models driven by purpose, not profit, can be just as competitive, innovative and dynamic.

We will never lose sight of the reasons for the merger. By increasing our scale we're able to do more for members, employees and communities.

In closing, our most sincere thanks go to everyone in the organisation – employees, Executives and Directors – for their huge efforts across the year.

And to you, our members, thank you for your continued support of Heritage and People's Choice.

Yours sincerely



Michael Cameron
Chairman



Peter Lock
CEO

Introducing Heritage and People's Choice

Heritage and People's Choice is Australia's leading customer-owned bank, helping our 730,000 members across the country to save, borrow and protect their future.

Our origins date back to 1875, making us one of Australia's longest-running financial institutions. Today, we remain proudly member-owned and member-focused, with \$23.3 billion in assets, 2,000 employees, and branches across South Australia, Victoria, New South Wales, Queensland and the Northern Territory.

While we continue to operate under the People's Choice and Heritage brands for an interim period, we will introduce a single new brand in 2024: one that reflects our new aspirations, as well as the legacies of both Heritage and People's Choice.

Heritage and People's Choice is resetting the way Australians think about banking as an award-winning national alternative to the major banks.

Our purpose and vision



To deliver positive change through banking.

Our values



Passion

We love making a difference in people's lives.



Care

We care and protect for positive impact.



Integrity

We're courageous and always do the right thing.



Authenticity

We are socially aware and stay true to our mutuality, always.



Trust

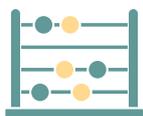
We're reliable, consistent and we do what we say.



Respect

We value the power of our collective; every perspective strengthens us.

2022/23 in review



Net Profit after Tax
\$32.10m



Total Consolidated Assets
\$23.31bn



Total Loans and Advances
\$19.12bn



Total Retail Deposits
\$17.81bn

Member Satisfaction

82%

New Members

48,014

Net Promoter Score

+37

Employee Engagement

67%

Employees

2,002

Employee Survey
Participation

88%

Net Interest Margin

2.17%

Liquidity Ratio

16.27%

Capital Ratio

14.50%

Total Community Support

\$11.08m

Our first 120 days as Heritage and People's Choice:

Net Member Growth

11,287

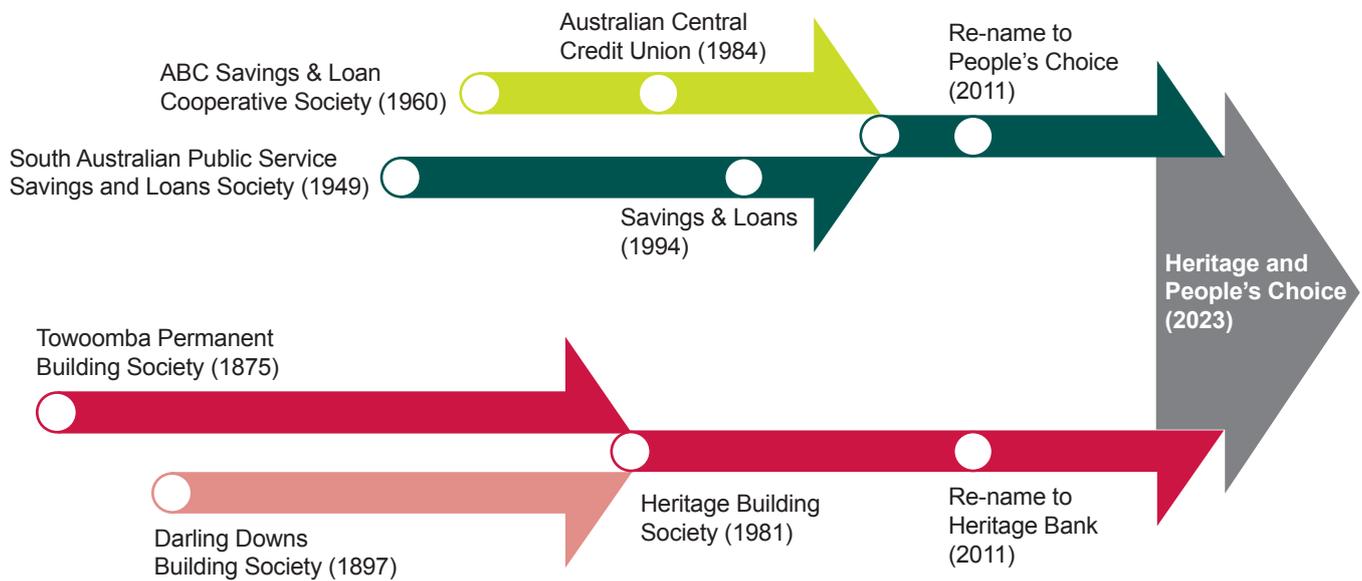
Loan Growth

8.6%p.a.

Deposit Growth

7.5%p.a.

Merger delivering for members



Heritage and People’s Choice is the result of numerous mergers throughout our proud history.

Great progress has been made since we officially became Heritage and People’s Choice on 1 March, 2023. We are delivering on the commitments we made prior to the merger and our members are already benefitting. The rationale for the merger was always about acting in the best interests of our members, and we will continue to keep that front and centre of our priorities.

We identified that our new organisation’s first 120 days would be a pivotal period in building the foundations for our future success. We needed to bring together both our people and our processes in new ways, while maintaining our high standards of service to our members. We were determined not to allow the challenges of the initial merger period to distract us from our primary goal of assisting members.

Over the first 120 days, Heritage and People’s Choice surpassed its goals for net member growth (11,287; 54% ahead of target), net lending growth (\$534.9 million; 122% ahead) and net deposit growth (\$435.7 million; 64.7% ahead).

We also made great progress on significant projects that will enable us to fully harness the benefits to be gained by merging the two businesses.

Importantly, we have created a detailed Integration Plan to guide our path forward, particularly in relation to technology. This will deliver a simpler, modern technology suite which will be able to grow with our business, and which will include a new Mobile Banking App and Internet Banking system.

We are also well advanced on developing a new brand, which will showcase our aspirations to offer a compelling alternative to the big banks, while honouring our origins. Furthermore, we:

- Delivered on many merger commitments, including introducing Saturday trading at selected branches and removing fees and charges for a number of products.
- Lived up to our guarantee that there would be no branch closures due to the merger and no forced redundancies below executive level as a result of the merger.



Our People and Culture team celebrating Harmony Day with CEO Peter Lock.

- Purchased a site to build a new head office building in the Toowoomba CBD. This reinforced our commitment to a dual head office structure, with one in Adelaide and one in Toowoomba.
- Introduced many innovations to benefit members including a fast-refinancing option for home loans and priority call-centre support relating to scams and fraud.
- Fostered a strong employee culture, supported by rapid adoption of our Shine values-based recognition program.
- Progressed the \$50 million over five-year promise to increase community support through our Charity Foundation, Community Lottery and Photographic Awards, among other activities.

But while we have taken great strides, much work remains to create one seamless organisation which fully integrates our people, processes and systems.

Beyond the initial 120-day period, we have now adopted a detailed Integration Plan that will guide our process of ongoing modernisation in the years ahead, to maximise the benefits of the merger for our members. These include:



Brand and Digital: Including the delivery of our new App and Internet Banking.



Lending: Uniting our people, processes and technology for better outcomes and a better experience.



Members: Ensuring the member experience is exceptional.



Core Banking: Delivering better reliability, smoother service and even greater security.



Payment and Cards: Improving payment processes and technologies.

The Integration Plan is the blueprint we will use to become the organisation that can challenge the dominance of the big banks in Australia, and champion the customer-owned model as a viable and attractive alternative.

Our merger commitments

In the lead up to the merger, we made a series of commitments to our members, employees and communities about how our new organisation would be structured and the benefits that would be delivered.

The majority of those commitments have now been achieved or are well underway. And those which are ongoing, are being built into the fabric of our business and the way we operate every day.

Commitment	Progress	2023 Update
The Combined Mutual will remain entirely member-owned.		Commitment met.
A single new brand will be adopted that reflects the values of both Heritage and People's Choice.		In progress. Planning is well advanced with a release scheduled for 2024.
Access to contemporary digital banking capabilities (such as mobile banking applications) and emerging payment capabilities with increased security and protection.		In progress. We are developing a new website and Mobile App, to be launched in 2024. We are also investing heavily to create a simpler, modern technology platform.
The board and executives will have representation from both Heritage and People's Choice – ensuring our membership as a whole is appropriately represented.		Commitment met.
Permanent, dual head offices in Adelaide and Toowoomba.		Commitment met.
Improved personalisation of services.		In progress. Underway as part of our Integration Plan and Brand Strategy.
24/7 Australian contact centre.		In progress. Planning has advanced and is targetting completion in 2024.
Saturday trading in selected People's Choice branches.		Commitment met.
No branch closures as a result of the merger.		Commitment met.
Provide differentiated rates for green products, such as solar power and storage, electric and hybrid vehicles, and green waste systems for households.		In progress. A discounted Green Car Loan is available under the People's Choice brand and our new Product Strategy will incorporate ESG considerations.
We will work to integrate the two organisations into a single operation - fully integrated systems, technology, products and services.		In progress. Our detailed four-year Integration Plan is being rolled out after being approved by the Board.
A wider range of award winning, competitively priced products and services, including personal loan products with lower minimum loan amounts.		Ongoing. Our new Product Strategy is in the early stages of development.

Commitment	Progress	2023 Update
A number of People's Choice fees and charges will be removed.		Commitment met.
More ways for our people to support their community through volunteering and fundraising.		Commitment met. All employees now have two days of fully-paid volunteering leave to assist community organisations.
Increase total community support to a minimum of \$50 million over 5 years and we will look to expand certain initiatives such as the Heritage Bank Charitable Foundation and the People's Choice Community Lottery.		In progress. Arrangements are being made to expand the Charitable Foundation and Community Lottery to national initiatives in 2024.
No redundancies below executive level as a result of the merger.		Commitment met.
No employees will be required to relocate interstate.		Commitment met.
An inclusive and diverse culture where we value the individuality of our people.		In progress. A new Diversity and Inclusion Strategy is planned for launch in December 2024.
Employer of choice to attract the best people to serve our members.		Commitment met. Employer of choice accreditation achieved.
Enhanced career development and growth opportunities.		In progress. Talent programs and career development initiatives are in progress
Maintain B Corporation certification.		Ongoing. B Corp certification will apply to our new brand, with recertification due in 2025.
Achieve carbon neutral certification.		Ongoing. Heritage and People's Choice has achieved Climate Active certification for FY22 and commenced FY23 submission.
The Adelaide head office will be maintained with a six-star NABERS rating.		Ongoing.
Continue existing environmental initiatives and goals, including the use of hybrid vehicles and reducing waste, paper, energy and fuel use.		Ongoing. Our hybrid fleet has been expanded to 46 vehicles. Our card recycling program will be launched in 2023, and we will look to scope additional initiatives to reduce our consumption.
Reduce carbon emissions with the goal of achieving net zero.		In progress. Our Climate Strategy, net zero roadmap and Science Based Targets are in the early stages of development.
Maintain a framework to identify and support members experiencing vulnerability.		Ongoing. A specialist Member Advocacy team has been created to deliver greater inclusion and protection for members.
Develop a Reconciliation Action Plan to support ongoing, deep and strong relationships with our First Nations employees, members and communities.		In progress. Our first Reconciliation Action Plan as Heritage and People's Choice is on track for delivery in 2024.

Our members

Supporting our members with their financial goals is our sole focus.



What makes Heritage and People's Choice different from the major banks is that our sole focus is to support our members with their financial goals.

We're now intent on using the additional scale gained through our merger to deliver more for our members. We're working to further strengthen and expand all our member-related systems. We're also developing new systems to manage our much larger membership base and to fulfil the new regulatory requirements which we now operate under due to our increased scale.

Through it all, our goal is to deliver exceptional service, exceed our members' expectations, and put them at the heart of all our decisions. That's the key to becoming the compelling alternative to the big banks that we aspire to be.

<p>Welcomed 48,014 new members during the year</p>	<p>Supported 14,768 new home loans for our members</p>	<p>Helped 855 first home buyers achieve their dream of home ownership</p>
<p>8,575 personal loans helped our members to achieve their goals, whether to buy a car, take a holiday or plan a wedding</p>	<p>Helped our members achieve their business goals, with 558 business banking loans</p>	<p>Supported our members' savings goals with 128,823 new savings accounts and 22,821 new term deposits</p>

Member advocacy

One of the most important initial outcomes enabled by the merger has been the establishment of a dedicated Member Advocacy team, which is working across our organisation to support and reinforce a member-first mindset dedicated to delivering exceptional member outcomes.

This member focus goes well beyond traditional customer service activities. The Member Advocacy team is driving four interlinking programs which touch every level and every area of our business.

 <p>Member Centricity</p>	 <p>Inclusive Banking</p>	 <p>Complaints Management</p>	 <p>Discovery and Continuous Improvement</p>
<p><i>Elevate the voice of our members</i></p>	<p><i>Create targeted services and products</i></p>	<p><i>Embrace complaints as central to our service elevation</i></p>	<p><i>Use data and insights to resolve recurring issues</i></p>
<p>Developing an enterprise-wide framework that will guide all employees in keeping members at the centre of all we do</p>	<p>Promoting a more inclusive banking philosophy whilst ensuring the highest level of service delivery, with an emphasis on members experiencing vulnerability</p>	<p>Delivering continuous enhancements to our complaints management processes and governance, to ensure issues are dealt with properly and quickly</p>	<p>Making dealing with us easier and simpler by identifying and resolving recurring service issues</p>

A better member experience

Our goal is to provide a simple and satisfying banking experience for our members however they choose to interact with us. That's important to keep pace with changing member expectations and to offer a genuine alternative to the big banks.

To that end, we are developing an approach which seeks to provide members with a consistent experience regardless of the channel they use, for example:

- Online through internet banking
- Via our Mobile Apps
- With a broker
- Face to face in a branch
- A visit from a mobile lender
- Ringing our call centre.

To deliver that seamless service, we are not only improving each individual channel, we are also improving the overall approach to member interactions across our network. As a result, we have put in place a consistent management and communication framework for member-facing employees throughout the Heritage and People's Choice branches and call centres.

Designed to provide exceptional customer service, this includes a standard set of superior behaviours for member interactions, including how we deal with feedback, how we surprise and delight members, and how we escalate issues or complaints.

Our two locally-based contact centres are central in delivering superior service to our members across Australia. Throughout the reporting period and since the merger, both contact centres have been concentrating on assisting members more effectively, while maintaining high levels of care and understanding.

Our two contact centres took a combined total of over 1.2 million calls, emails and web inquiries in 2022/23, with members experiencing an average wait time of just over three minutes. Throughout the year, we have refined our internal processes to speed up the resolution of issues and upgraded employee roster options and overall staff levels to better meet times of high demand. Our dedication to our members, and our determination to provide them with a personalised and caring approach, has also been supported by our continued focus on employee education and training.

Thousands of members have also benefitted with the reopening of four People's Choice branches on Saturdays. The West Lakes, Marion, Modbury, and Norwood branches, all in suburban Adelaide, are now helping members between 9am – 12 noon. Saturday trading in key branches was a specific merger commitment.

We also continue to open 11 of our Heritage-branded branches on Saturday mornings as well – at Coomera, Cherside, Carindale, Springfield, Maroochydore, Wilsonton, Clifford Gardens, Grand Central, Kmart Toowoomba Plaza, Highfields and Castle Hill.

Improving through feedback

It's important we listen, understand and respond when things don't go to plan. That's why we encourage our members to let us know when something isn't right.

During the year, Heritage and People's Choice managed 9,456 complaints across both brands – this represents less than 1.5% of our membership. We managed almost all of these complaints internally, with only 269 or 2.8% being escalated to the Australian Financial Complaints Authority (AFCA). 84% of all complaints were resolved within 21 days of being received.

As part of our public Complaints Management Promise, we are fully resolved to admitting when we've made a mistake and taking responsibility for fixing it.

Thanks to what we have learned from these complaints, we have improved the member experience by streamlining several processes, including those related to cancelling compromised cards, identifying members, reinforcing protection against scams, and managing member disputes.

In dealing with a complaint, our promise is that we will:

1. Treat you fairly and with respect.
2. Clearly indicate the timeframe in which you can expect an outcome.
3. Prioritise any members experiencing vulnerability or financial hardship.
4. Admit if we've made a mistake and take responsibility for fixing it, not just for you but for any other members that may be impacted.
5. Empower our staff to handle complaints with transparency and understanding to achieve fair and timely resolution.

Helping members who are experiencing vulnerability

Heritage and People's Choice has a responsibility to support its members, particularly those who are experiencing vulnerability. This vulnerability can take many forms including language difficulties, mental impairment and domestic violence. It can also be permanent or temporary.

All member-facing employees receive training to help identify members experiencing vulnerability and then provide suitable assistance, with this effort supported by our centralised Care Hubs.

During the year, our people recognised and helped 717 members experiencing vulnerability. We instigated or improved a range of processes to better protect all our members, for example:

- introduced new procedures to provide interpreters
- improved support to minors who are wards of the state
- enhanced our process to appoint a Power of Attorney
- introduced specialist Open Banking reporting to ensure members aren't negatively impacted.

We are also aware that any member might find themselves in financial difficulty, which can stem from any number of permanent or temporary circumstances.

Therefore, we have provisions in place to assist members when they are finding it financially difficult. During the year 1,256 cases received hardship relief under either Heritage Bank or People's Choice arrangements.



It was a fantastic result because we really helped this member and it was a seamless, team effort."

Alarm bells started ringing when a member recently entered one of our branches and asked to withdraw a relatively large sum of money.

"We're trained to notice members who might be experiencing vulnerability, and this employee became instantly concerned," said Katrina Creek, a member of our Customer Care Team.

A quick check found that the member usually did their banking at a branch elsewhere, where employees considered them at great risk of elder abuse through the coercion of a relative.

"When the member was invited to have a private

conversation, they confirmed they were being pressured into making the withdrawal. They were very upset and asked for our help," Katrina said.

With the member's permission, their money was quickly transferred into a new facility where it was protected from withdrawal. All this was done within a matter of minutes.

"It was wonderful teamwork and really shows the level of care we have across our organisation and the value of our training," Katrina said.

Our team is remaining in regular contact with the member to make sure they have the right support, including contact with a specialist financial counsellor.

Tackling scams and fraud

Online fraud and scams are a growing issue for the entire banking industry, requiring a continual effort. The Australian Competition and Consumer Commission has reported that more than \$3.1 billion was lost due to scams in Australia in 2022.

To protect our members, we work constantly to identify scams and fraudulent behaviour, educate members and our employees, and improve our systems.

Our dedicated Group Fraud Management team has been developing and deploying strategies across the organisation to reduce the risks for our members.

- We established a Scams Hotline in May through our two contact centres, which provides immediate assistance for members who believe they are being scammed.
- We have invested more to upgrade our fraud detection software, to identify new threats as they develop.
- Additional efforts have included tailored member newsletters, warning emails in the lead up to the festive season, awareness messages on account statements, specialised flyers in branches, and on-hold messages.
- Internally, we have strengthened anti-scam content in our induction program for new employees, improved communication to member-facing employees to heighten awareness of current and emerging scam activity, and established a dedicated scams awareness working group to maintain engagement across the organisation.

- We continue to partner with Customer Owned Banking Association Financial Crimes and the Australian Financial Crimes Exchange to develop effective detection rules and strategies. We have also strengthened our relationships with law enforcement and victim support agencies nationally.
- We have also begun a full end-to-end review of the Heritage and People's Choice scams management cycle, analysing our prevention efforts, active scams support and after care activities.



Enhancing cyber security

As a member-owned bank, we are acutely aware that people trust us every day with their money and personal information. In return, we must work nonstop to provide best practice protection against illegal activities of all kinds.

That's why Heritage and People's Choice continues to invest in technologies and controls to keep our member and company data secure. This investment includes specialised software, management processes, and education. We also regularly conduct:

- Simulations of cyber-attacks to ensure we are prepared for any situation that may arise.
- Penetration testing across all new internet facing systems and ongoing assessments to ensure their security baseline is appropriate.
- Strict risk assessments of all third-party external providers who work with us, to ensure they have appropriate security controls in place.
- Mandatory education for staff to maintain awareness of data security and cyber best practices.
- Internal phishing campaigns to test the resilience of staff to an email based phishing attack.

We are also active members of numerous specialist groups which share information and strategies. These include the Australian Information Security Association, the Australian Cyber Collaboration Centre, and the Adelaide Joint Cyber Security Centre.

Awards received in 2022/23

We are passionate about delivering outstanding products and services to our members, and as a result we continue to be recognised.

Heritage Bank Ranked #2 Forbes Best Bank in Australia

VIC/ TAS - Mutual/Credit Union Lender Award

MFAA State Excellence Winner

QLD - Mutual/Credit Union Lender Award

MFAA State Excellence Winner

Outstanding Value - Fixed Home Lender

2023 Canstar Awards

Outstanding Value - Investment Fixed Home Lender

2023 Canstar Awards

Outstanding Value - Business Loans

2023 Canstar Awards

Outstanding Value Business Transaction Accounts

2022 Canstar Award

Used Car Loan

2022 Mozo Experts Choice Awards

Unsecured Personal Loan

2022 Mozo Experts Choice Awards

Outstanding Value Car Loans

2022 Canstar Awards

Outstanding Value Personal Loans

2022 Canstar Awards

Car Loan

Highly Recommended

2023 Finder Personal and Car Loan Awards

Low Interest Business Credit Card: Business Visa Credit Card

Highly Recommended

2023 Finder Credit Card Awards

No Annual Fee Credit Card: Gold Low Rate Credit Card

Highly Recommended

2023 Finder Credit Card Awards

People's Choice

First Home Buyer Awards (NT) - 2023

Canstar 2023

Outstanding Value Awards - Junior & Youth Banking

Canstar 2023

Best home loans over \$1m for Variable Loan Package

RateCity Gold Award 2023

Best small deposit home loan for Variable Loan Package

RateCity Gold Award 2023

Best kids savings account for Young Saver Account

RateCity Gold Award 2023

Best regular savers account for Dream Fund Account

RateCity Gold Award 2023

Best Used car loans for Discounted Personal Loan (Car Loan)

RateCity Gold Award 2023



Gerald Allan, Business Development Manager; Paul Moses, State Manager Broker Distribution; Stewart Saunders, Head of Broker Experience, and Andrew Galloway, State Manager Broker Distribution accepting the 2023 MFAA National Excellence Award in mutual lender category.

Our community

Our community programs and sponsorships support local community groups across Australia.



The concept of the member-owned banking model grew from the idea of people working together for the collective good of their community. The founders of those original organisations, such as building societies and credit unions, understood that individuals benefitted when the whole community benefitted.

That's why the customer-owned sector has always had community support as a cornerstone of its operations.

Both People's Choice and Heritage Bank were leaders in this field throughout their histories, supporting a range of community programs. Now, after coming together to form Heritage and People's Choice, we are actively building on that proud legacy of community support.

Our goal as Australia's leading customer-owned banking organisation is to champion the sector in all areas of our operations, and to clearly demonstrate the different values that drive our actions.

We are creating a purpose-driven organisation that prioritises the interest of our members and their communities, rather than the pursuit of profit above all else. That's why we are not only continuing but expanding our community ethos in our new merged organisation. We have pledged to increase our overall community support to a minimum of \$50 million over our first five years, and we are already laying the foundations to make this a reality.

Supporting our communities

During the year we supported our communities through two flagship community programs – the People's Choice Community Lottery and Heritage Bank Charitable Foundation – and through donations, sponsorships, scholarships, employee volunteering, workplace giving and our seven Community Branches.



\$11.08m

Total Community Support

People's Choice Community Lottery

Since its inception, the People's Choice Community Lottery has helped to raise more than \$22 million for community groups.

This year, the Lottery generated \$1,054,502 for 720 not-for-profit organisations, local community sporting clubs, schools, charities and volunteer groups. The lottery was established specifically to assist smaller organisations to raise much-needed funding.

Today, Heritage and People's Choice organises everything from the licensing and administration to advertising and the \$300,000 in prizes. This means participating groups get to keep 100% from every \$2 ticket they sell.

Following our merger, work is now underway to expand the Community Lottery, particularly into Queensland, to match our increased geographic footprint.

Impact from the 2023 Community Lottery

\$138,680 Starlight Children's Foundation

The Lottery's official charity partner for 2022/23.

The Foundation will use the money raised to help deliver 21 wishes for seriously ill children or support more than 3,500 visits to the Starlight Express room.

\$34,000 CFS Foundation

This was the Foundation's first year participating in the Community Lottery. It provides life-changing support to the Country Fire Service (CFS) volunteer firefighters and their families who have suffered through death, injury, or loss in the line of service during this time.

\$10,000 Adelaide Kitten Rescue

The funds raised go towards looking after sick and injured cats and kittens, as well as helping with the day-to-day operating expenses of the rescue centre. They have participated in the Community Lottery over the past three years, and raised a total of \$24,500.

\$10,562 Henley & Grange Baseball Club

Having participated for more than 10 years, the money secured through the Community Lottery goes towards much needed equipment for their Junior and Senior teams.

\$1,668 Gaelic Football & Hurling Association of SA

The Community Lottery supports two underage carnivals and pathway opportunities for senior players at both state and national levels.

Heritage Bank Charitable Foundation

During 2022/23, the Heritage Bank Charitable Foundation supported its largest number of charities ever, with 20 organisations receiving a total of \$100,527 in financial assistance.

Established in 2018, the Foundation has now donated a total of \$428,830 in grants to 36 different charities to assist in growing stronger communities. It not only directs funds every year to deserving organisations but partners with them to maximise the positive benefit, often with Heritage and People's Choice employees volunteering their assistance.

As an independent organisation run by its own Board, the Foundation focuses its efforts towards:

- positive educational and alternative pathways to help at-risk children and teenagers
- health care services for vulnerable Australians and their families
- support for the economic and social wellbeing of people in regional, rural, and remote communities, including in times of natural disasters.

While previously concentrated on Heritage's footprint across Queensland and New South Wales, the Foundation is now expanding nationally.

FY2022/23 Grant Partners

\$25,000 Outback Futures Ltd

Outback allied health clinics to provide face-to-face support for children and families in remote areas of Queensland.

\$15,000 Youth Insearch Foundation

Intense leadership training for at-risk youth from the Darling Downs and Wide Bay-Burnett who are working towards becoming a Youth Insearch Leader and session facilitator.

\$15,000 Zephyr Education Inc

Supporting 19 domestic violence shelters across the Sunshine Coast and Wide Bay-Burnett to help children impacted by domestic violence get back to school by supplying uniforms, bags, computers, books, and stationery.

\$15,000 Little Dreamers Australia

Structured and age-appropriate weekly support groups for young carers delivered online around Australia to combat feelings of loneliness and anxiety associated with having a caring role.

\$3,000 Momentum Mental Health

General program support in Toowoomba (Alpine Community Project).



Community at Heart Appeal

Through the generosity of Heritage and People's Choice members and staff, the Foundation collected over 700 children's books for The Australian Literacy & Numeracy Foundation Share-A-Book program. These books were distributed to targeted regions across Australia to Indigenous, refugee and marginalised communities in need of resources.

Supporting through sponsorships

In addition to our programs, Heritage and People's Choice supports a broad range of communities through an extensive program of sponsorships and local support.

These activities assist thousands of people at a grassroots level, providing genuine community benefit, while also supporting our business and members.

- Through our People's Choice brand, we continued our long-standing sponsorship of the Western Bulldogs AFL team, which helps build our national profile to attract new members across the country. As part of this arrangement, we participated in the Western Bulldogs Community Foundation Youth Leadership Project by delivering Managing Your Finances, an educational module for teenagers covering banking and budgeting.
- We also maintained our People's Choice sponsorship of the Adelaide Strikers men's and women's teams in the national Big Bash cricket league, and the premiership winning Norwood Football Club in South Australia – all activities which support community interest and participation in sport.
- Across the year, our People's Choice branch network provided some \$110,000 to local communities through 85 activities across South Australia, the Northern Territory and Victoria. Approximately \$90,000 was given to grassroots sporting organisations to assist with annual fees, player registrations and improving facilities and equipment. A further \$20,000 went to community and charity groups including Food Bank NT, Murray Bridge Christmas Carols, and the Outback Trek Towards Zero Deaths.
- The 2022 Heritage Bank Charity Golf Day, held at Toowoomba's City Golf Club, raised \$60,000 which benefitted eight community groups. Run annually for the past 25 years, the event has raised more than \$1 million for groups across Queensland and New South Wales, which this year included:
 - Base Services – \$11,000 for backpack beds for people sleeping rough across the Toowoomba region.
 - Sunshine Coast Riding for the Disabled – \$10,000 to improve wheelchair accessibility.
 - Open Doors Youth Service – \$7,500 to support mental health and wellbeing programs for LGBTIQAP+ youth and their families.
- Fittingly, Heritage sponsored the 20th birthday celebrations of the Toowoomba Hospice after helping the facility become a reality two decades ago when it raised \$100,000 through a pledge to match community donations dollar for dollar. The hospice provides safe and quality healthcare for those with a terminal illness, and relies on community generosity to fund its essential services.

Photographic Awards and Calendar house

The 2022 Heritage Bank Photographic Awards attracted 725 entrants and 2,326 images. Believing that art plays a vital role in building healthy communities, Heritage Bank launched the awards 35 years ago. Now, with a \$50,000 prize pool and a range of categories designed to attract amateur as well as professional interest, the awards are one of the richest photographic competitions in Australia.



'Unconditional' by Sue Mayer-Miller, Heritage Bank Photographic Award theme winner.

In 2022/23, Heritage Bank's annual calendar raised \$16,075 through gold coin donations from members which benefitted the RSPCA, HeartKids, Hope Horizon Cancer Wellness Centre, Riding for the Disabled (NSW), and Touch of Hope. The calendar, which always features a prominent Queensland house, has now been produced for 42 years, and raised more than \$383,000 in total.



The 2023 Heritage Bank calendar featured a painting of historic Brisbane home The Laurels. CEO Peter Lock (right) and Deputy Chairman Kerry Betros (left) presented a print of the painting to owners Ben and Julia O'Rourke.

Heritage Bank Stadium

During 2022/23, we gained naming rights for Heritage Bank Stadium on Queensland's Gold Coast.

As the home of the Gold Coast Suns AFL team and a regular venue for major concerts, the stadium will significantly grow our national presence. However, another key reason for our sponsorship is to increase access to the stadium and increase its already broad community role.

As a community facility, the stadium plays an important role in the region's social fabric, hosting events such as the Let's Go Gold Coast Caravan & Outdoor Expo, and Connect 2 Home, a one-day event that brings together Local Council, State Government, businesses, community groups and volunteers to provide free services to a range of vulnerable community members, especially those experiencing homelessness.

We're now working with the stadium stakeholders to further increase its community access and benefits through the life of our partnership



Heritage and People's Choice employees were on site to celebrate the naming rights announcement for Heritage Bank Stadium on the Gold Coast.



I cannot express how much I appreciate the gift and the way it has made me feel better and proud to focus on my university study."

Jordi Scope is one of three young people who each received a \$4,000 Heritage Bank Peter Cleary Memorial Scholarship during 2022/23.

Eager to build a career, Jordi decided to undertake a Bachelor of Business at the University of Southern Queensland. However, he soon became worried about being unable to afford the necessary textbooks and other study items. So, he applied for the scholarship.

"The money enabled me to purchase these supplies and greatly boosted my mental health by removing the worry of financial strains. I greatly appreciate the help from Heritage Bank which highlights their positive presence in the community."

The Memorial Scholarship was established to honour the memory of a much-loved former Heritage Bank Executive, Peter Cleary and supports business students from a regional, rural, or remote area within Queensland, or the City of Ipswich through their second year of study at UniSQ.

Community Branch success



Once again, the seven Heritage Community Branches have provided incredible support to their regions, injecting almost \$8 million into their local economies in 2022/23.

Heritage Bank's Community Branch concept is unique and has proved to be highly successful.

The Community Branches are 50:50 partnerships between a company representing the local community, and Heritage and People's Choice. The joint venture partnership share the set up costs, ongoing expenses, as well as profits. Under the rules of the joint venture, the community company must give back their share of the profits to their community in the form of grants to deserving local charitable and community organisations.



The success of the Community Branch model is due in no small part to the people who serve on the Board of the community companies. Because of their dedication these communities are able to retain a full-service bank branch in their region, as well as generating significant economic benefit to support local organisations through the grants program.

As an example, in 2022/23, the Karalee Community Branch provided local SES volunteers with \$65,000 for a new Ford Ranger pick-up which has been fitted out as a multi-role emergency vehicle, replacing a similar truck lost in the 2022 floods.

Since the first Community Branch in Crows Nest opened in 1999, approximately \$75 million has benefitted the branches' local communities.

Working for reconciliation

At Heritage and People's Choice we are committed to reconciliation and supporting ongoing, deep, and strong relationships with our First Nations employees, members and communities across Australia.

In February 2023, People's Choice launched a 'Reflect' Reconciliation Action Plan (RAP) which was created with assistance from Reconciliation Australia. Prior to the merger, Heritage Bank was also well advanced on developing its own RAP, and those ideas are being taken forward into the merged organisation's RAP

Driven by a working group drawn from across the organisation, and with strong support from senior leaders, the RAP represents the first steps of our ongoing reconciliation journey with the organisation having already:

- hosted National Reconciliation Week events at our Toowoomba and Adelaide head offices with an emphasis on employee education
- commissioned a significant piece of artwork from artist Gabrielle Stengle, who spoke with our people about its meaning and creation
- launched Acknowledgement of Country and Welcome to Country guides across the merged organisation
- conducted a range of virtual sessions during NAIDOC Week which were attended by more than 800 employees

As we deliver the actions promised in the People's Choice RAP, we are simultaneously creating a new RAP which will represent our new, merged organisation.

Migrant banking

To better assist members of migrant communities, we employed two specialist Community Liaison Officers, based out of our Toowoomba head office.

Coming from the migrant community, with fluency in Arabic and knowledge of our finance industry, the officers were given a unique role – to provide refugees and migrants with the confidence and knowledge to comfortably interact with banks.

Their success was clear, helping five families purchase their own homes during the year, working with another 87 families on their home ownership journeys, conducting four education seminars, and attending a dozen community events.

Our environment

Our carbon offsets support regeneration projects in New South Wales and South West Queensland.



In creating Australia's leading customer-owned banking organisation, we will act in ways that are better for all. Our responsibility to do good and to care is particularly important when it comes to the environment.

We are genuine in our desire to take meaningful and purposeful action to protect our planet and contribute to a sustainable future. There is a pressing need for environmental stewardship in our world. Heritage and People's Choice, as the country's leading customer-owned financial institution, can deliver a significant positive impact in this regard.

The merger has given us the ideal opportunity to review our activities, and further integrate sustainability principles into our operations and decision-making processes. We want to minimise our ecological footprint while maximising the positive impact we can have on the environment. To that end, we are addressing the climate change challenge in a number of ways.

Shrinking our carbon footprint

Heritage and People's Choice is a carbon neutral organisation and we are actively working to further reduce our carbon footprint.

During the year, both Heritage Bank and People's Choice received carbon neutral certification for FY22 from the Federal Government's Climate Active partnership.

Emission Category	FY22 (tCO ₂)
Scope 1	396
Scope 2	1,352
Scope 3	5,396

Scope 1, 2, and 3 emissions categorise greenhouse gas emissions. Scope 1 is direct emissions from a company's activities, like fuel use. Scope 2 is indirect emissions from purchased electricity. Scope 3 is other indirect emissions, such as from suppliers, waste, travel and transportation.

We've reduced our carbon footprint over the past 12 months by introducing additional hybrid cars into our fleet and increasing our use of green energy. We are also more accurately calculating our overall carbon usage particularly regarding professional services.

Our total carbon output was fully offset through the purchase of carbon credits from approved Australian regeneration projects.

We are intent on further reducing carbon emissions for a sustainable future. While we will continue our participation in the Climate Active program, we will reduce our reliance on carbon offsets by developing a long-term strategy and de-carbonisation plan.

We also continue to monitor and undertake initiatives to reduce our consumption.

FY22/23 consumption	
Cartons of paper	2,134
Electricity (MW hr)	3,956

Our 6-star joint head offices

Our joint head office buildings received 6-star energy ratings during 2022/23 – the best rating possible. The buildings are located at 50 Flinders Street, Adelaide and 400 Ruthven Street, Toowoomba.

The ratings were assessed by NABERS – the National Australian Built Environment Rating System – which is the industry standard for office buildings. Our increased use of green power was pivotal in achieving this rating.

During the year we announced plans for a new head office in Toowoomba, which will also incorporate a suite of advanced energy saving features.

Driving a hybrid fleet

Our move towards a hybrid car fleet has accelerated significantly. Across the year another 27 Toyota RAV4 Hybrids took to the road in People's Choice branding, bringing the total to 40. A further eight are on order and are expected in 2023/24.

We also improved our Heritage fleet by introducing six Mazda CX-30 hybrids.

By using hybrid cars, we will reduce our overall petrol usage by 45% and significantly reduce our carbon footprint.



We're adding to our hybrid vehicle fleet.

Green options for members

Green car loans

Hundreds of members have taken advantage of our Green Car Loans and helped the environment at the same time.



Our Green Car Loans are helping members switch to hybrid and electric vehicles.

With hybrid and electric vehicles rapidly growing in popularity, 328 members took out Green Car Loans during the year, totalling \$16.8 million. The loans, available through People's Choice, offer members a discounted interest rate when they buy a qualifying vehicle.

Eco Cards

During the year Heritage Bank made the transition to debit and credit cards made from plants, not plastic. We issue the new Eco Visa Debit Cards for new accounts, and on expiry for existing cardholders. Since the launch in December 2022, 88,882 eco cards have been produced.



These cards are made from a plant-based material which will harmlessly break down in landfill. They use 65% less energy and produce 68% fewer greenhouse gases during production when compared with plastic cards.

Our net zero transition

In seeking a sustainable future, Heritage and People's Choice has joined with other customer-owned enterprises to accelerate action to tackle climate change.

The Declaration of Climate Action, developed by the Business Council of Cooperatives and Mutuals, sets out how organisations like ours will transition to the net zero carbon emissions over the coming years while maintaining business prosperity.

Through this Declaration, we are bound to following the recommendations of the United Nations' Paris Agreement on Climate Change and the Intergovernmental Panel on Climate Change. Further, the transition must be just - ensuring that climate action protects the planet, people and the economy.



Employees planting trees in Toowoomba.

To celebrate the release of our Eco Cards, Heritage partnered with Landcare Millmerran to plant 2000 native trees in Millmerran to support the regeneration of vegetation in regional Queensland. Chief Transformation Officer Dan Dredge, landowner representative Katherine Bird and Landcare Millmerran's Rebecca Kirby.



Our people

Team members from Heritage's Macquarie Park branch celebrated cultural diversity as part of Harmony Week 2023.



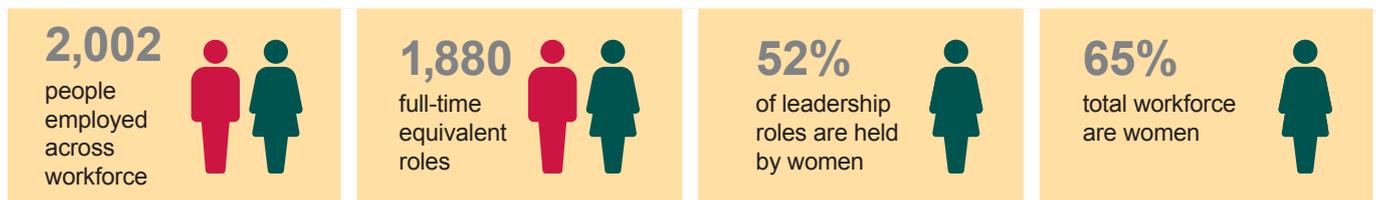
The merger has given Heritage and People's Choice a unique opportunity to forge a brighter future for the customer-owned banking sector in Australia. Our ability to seize that opportunity and become the champion for a different way of banking is dependent on the passion, skill and dedication of our people.

We continue to invest in developing an engaged, skilled and adaptable workforce. It's essential that we attract and retain the right people, so we are enhancing our systems that develop, support and protect them, whatever their role.

As a larger, national business, our people are benefitting from a greater range of internal opportunities and stronger career pathways. But we're doing much more to create an excellent workplace, including building and embedding diversity and an inclusive culture across the organisation, to enable everyone to bring their whole self to work.

We will always act to maintain a physically and psychologically safe workplace. In doing so, we create an environment which enables our people to channel their energy and passion on doing more for our members.

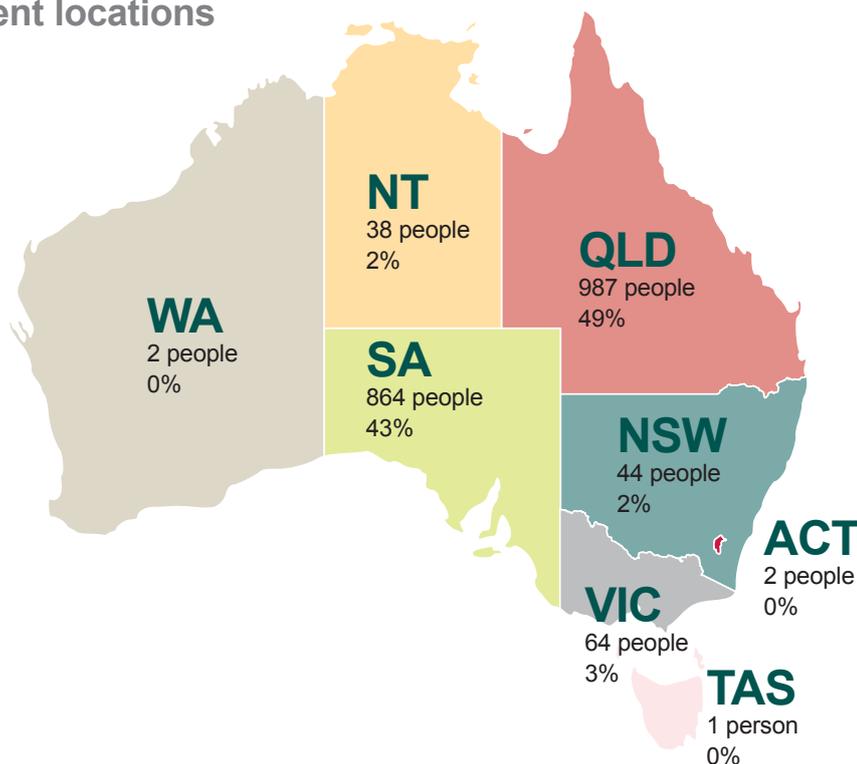
Inclusion statistics



Employment type



Employment locations



Diversity and inclusion

Heritage and People’s Choice is dedicated to diversity and inclusion in our workforce. That’s a reflection of our wider commitment to improving the lives of members and their communities. We continue to embed initiatives to create and maintain a work environment where everyone feels welcome, valued and safe.

We monitor gender representation and pay gaps to identify opportunities to build and maintain a gender balance in senior leadership. Looking forward, we are resolved to make an improvement in gender pay gap and gender representation, with a particular focus at senior leadership levels.

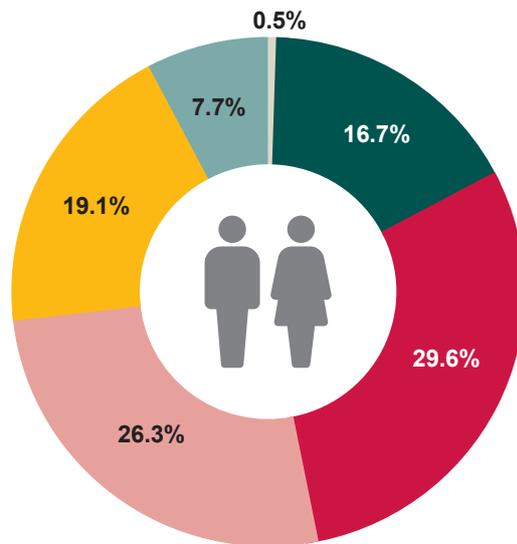
Building on the comprehensive Workplace Diversity and Inclusion strategy put in place by People’s Choice, we are taking a business-wide approach to identifying and prioritising those activities which will deliver positive outcomes for our merged organisation.

During the last year, Heritage and People’s Choice recognised and took an active part in major events such as Harmony Day, National Reconciliation Week, International Women’s Day and Pride Month. Activities includes holding employee events, raising money and spreading awareness.

Employee education and understanding is supported through a dedicated intranet site, online learning modules and “Inclusion in Action” workshops for leaders. Cultural Awareness and Cultural Diversity Training has also been conducted to help develop and deliver our inaugural Reconciliation Action Plan.

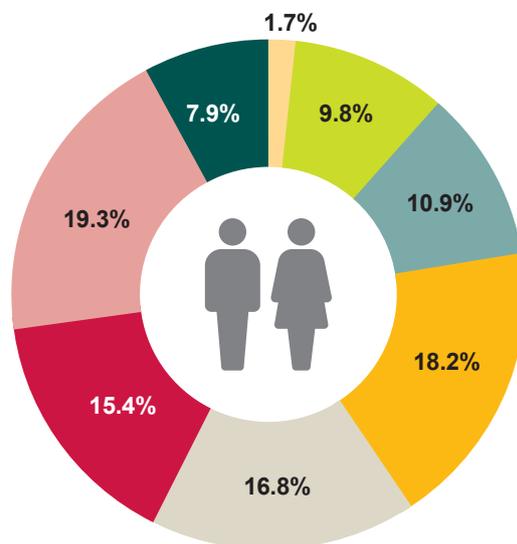
Age profile of workforce

- < 20 years
- 20 up to 30 years
- 30 up to 40 years
- 40 up to 50 years
- 50 up to 60 years
- 60 +



Tenure of workforce

- < 6 months
- 6 up to 12 months
- 1 up to 2 years
- 2 up to 5 years
- 5 up to 10 years
- 10 up to 20 years
- 20 up to 30 years
- 30 +



Pride Month



It's fantastic to have all levels of the organisation, from the CEO down, show their support. It's important people can be who they are and know they're welcome."

John Trace describes himself as "actively engaged" at Heritage and People's Choice – which is something of an understatement.

An award-winning Area Branch Manager, John is also a driving force behind our Diversity and Inclusion program.

"I really became involved to be a voice for the people I work with, to help empower them, and it's something I'm very passionate about," he said.

"As an organisation, we've had so much growth in our diversity and inclusion efforts and it's really motivating to see your work become reality.

"We've celebrated Diwali, NAIDOC Week, Harmony Day, Daffodil Day – the whole spectrum.

"One of my proudest moments was celebrating Pride Month, which is the community I'm connected to. To come to work and see rainbow flags, to have colleagues posting photos, to witness the support, there's nothing better."

By embracing diversity and inclusion we generate positive ripples across our whole community.

"By being so publicly supportive, we're telling everyone in the organisation that it's okay to be you, whoever you are.

"And we're telling our members that this is a safe space, that you can come here and do your banking without having to worry."

Strengthening our culture

Maintaining a positive workforce culture ensures we deliver outstanding services to our members. We need our people to not only have the skills to carry out their roles, but also the passion and member mindset that can make a positive difference to members' lives every day. That's why we have been passionate about creating a vibrant workforce culture throughout the merger process and beyond.

We promote a culture where everyone is expected to act with honesty, fairness and integrity.

Our Code of Conduct, underpinned by six guiding principles, sets the expectations for how we act, how we solve problems and what's important to us. It helps us all to make good decisions and exercise good judgement, consistent with our values.

Our confidential Whistleblower Policy provides a means for individuals to report their concerns about misconduct freely and without fear of repercussions.

Shine recognition program

Our commitment to our staff culture was evident with the launch of our new employee recognition program, Shine, on Day 1 of the merger. Shine is our online values-based recognition program which allows our people to highlight and congratulate colleagues for outstanding service, based on our values of passion, integrity, trust, care, authenticity and respect.

The program allows employees to build relationships across the country while reinforcing excellent behaviours. Shine has been enthusiastically embraced from the start. In the first month there were 1,214 recognitions, which rose to 2,515 by 30 June 2023.

Overall, 66% of employees have engaged in the program, either by sending or receiving recognition.

Employees displaying exemplary efforts can be nominated for a Ruby Award, which are presented twice a year. The best Ruby winners are then assessed for the annual Diamond Awards, which is the greatest accolade in the Shine program.

Individual Ruby nominations	314
Team Ruby nominations	129
Values e-cards	2,072

For the period 1 March – 30 June 2023.



Maintaining a positive workforce culture is crucial for our success.

Speak up. Be heard.

A vital component in building a positive workforce culture is giving employees the chance to be heard on issues that are important to them. That has been particularly relevant at Heritage and People's Choice, given the significant level of change associated with our merger.

Pleasingly, our people responded strongly and positively to the first company-wide staff survey that took place following the merger. Called "Speak up. Be heard" the survey was conducted anonymously online. It is a vital tool in assessing employee attitudes and concerns as we continue to create one, unified organisation.

A healthy 88% of employees completed this first survey and provided an additional 4,500 comments to further explain their opinions and comments.

Overall, 67% of employees reported that they felt positively engaged with the organisation. While that result was slightly lower than in similar surveys conducted previously by People's Choice and Heritage, this was a solid starting point given the significant period of change through the merger process.

Senior leaders are developing plans to address those areas which need additional attention. The survey will be carried out regularly to monitor employee sentiment and the impact of change.

Length of service



I've always felt supported, so instead of looking externally I've always been able to find new challenges inside the organisation."



Donna Hewett is a member of an elite club - with 40 years' service.

It was 1982 when Donna started work as a part-time teller at Savings & Loans, a small Adelaide credit union which would grow to become Heritage and People's Choice.

"There was only one branch, with 20 or 30 people in total. No computers. No marketing, I don't think we even had a proper logo.

"You could say I like continuity," Donna laughed. "I've lived in the same house for 30 years, gone to the same

gym for 31, had the same husband for 39 and the same job for 40."

Indeed, Donna's work life has included at least 21 different positions across a swath of different areas, including branches, sales, people and culture, financial planning, marketing, and training and development.

Donna's current job – what she calls her 'last job' – is also a new job, brought about by the merger.

"I'm really, really happy with it. Each day is different, I'm working with some very talented people and I'm learning new skills. It's definitely 'old dog, new tricks'," she said.

Our people supporting the community

Following the merger, Heritage and People’s Choice has started work to amplify our volunteering and giving programs, using our larger scale to deliver a greater overall impact. Every one of our employees can use two working days each year to volunteer in support of community organisations, either individually or as part of a team. During the past financial year, our employees assisted and supported a wide array of causes, including The Gold Coast Hospital Foundation, the Hospital Research Foundation (SA), the RSPCA and Puddle Jumpers.



\$80,070

raised via workplace giving, and fundraising



Hundreds

of presents collected for Starlight Foundation for children spending Christmas in hospital



530

volunteering hours

Understandably, our employees partnered with the **Heritage Bank Charitable Foundation** throughout the year, with a number of key highlights;

146

hours in volunteer assistance for seven different organisations

\$15,500

donated by employees to its June Appeal

\$3,507

raised by the Toowoomba Run the Range 2023 Team

700

books collected for the Australian Literacy and Numeracy Foundation as part of the Community at Heart Appeal

\$3,400

to support Queenslanders with Motor Neuron Disease

Hundreds of Christmas gifts were collected for Starlight Foundation.



Staff members volunteering their time to pack boxes for Foodbank.



Operation Flinders

“

It wasn't easy, but when you see the view and reach the end and you know you've helped some people, it was definitely worth it.”



The tired legs and sore feet were nothing compared to the smiling faces when nine of our people scaled Adelaide's highest peak to help troubled teens.

Starting at Victoria Square in the heart of Adelaide's CBD, the team walked 21 kilometres to the summit of Mount Lofty on the south-east edge of the city and then on to the finish at Piccadilly.

Our walkers, and hundreds of others, were taking part in the City to Summit Walk to raise money to support Operation Flinders.

“The flat bits were fine, it was the long steep bits that were the problem,” laughed Phil Kwan, a Senior Leader

in the People's Choice Member Experience team.

“Let's say it wasn't a non-stop effort, but it was all about making the finish line, learning about Operation Flinders, and having some fun on the way. We raised \$9,500 so it was well worth it,” Phil said.

“Our organisation is certainly one where you work with good people – people who are going to join a team like this and others who will make a donation.”

Operation Flinders is a well-known South Australian charity which aims to transform young people's lives and build self-confidence through their remote outback adventure programs.

Employee wellbeing

With employee wellbeing and safety an absolute priority, we are providing our people and contractors with a new range of proactive, holistic wellbeing tools.

The Unmind App is now available to all Heritage and People's Choice employees and their loved ones, providing more than 700 pieces of helpful audio and visual content including sleep stories, breathing exercises, mindfulness tools and Cognitive Behavioural Therapy courses.

In addition, our new People Rewards program includes a Wellbeing Centre which contains numerous resources to help employees look after their physical, mental, and financial wellbeing.

These new tools, which have already been accessed several thousand times, are in addition to our well-established Employee Assistance Program – an external counselling service which provides employees and their families with 24/7 access to a qualified professional clinician.

During Safe Work Month, a Staff Wellbeing Expo was held in the Toowoomba and Brisbane offices with a virtual session conducted for Heritage branch staff. All events were well attended and raised awareness of general health and

wellbeing issues. Included were InBody scans which provided employees with data on their physical make-up, and a learning and development booth containing information for personal and professional development.

Heritage Bank also launched Mental Health Ambassadors, whose role it is to advocate for employee wellbeing. The program will be extended across the merged organisation from August 2023.

While a growing number of corporate staff chose to increase the number of days they spent in the office during the year, both People's Choice and Heritage Bank continued to support hybrid ways of working and the Work from Anywhere philosophy.



Staff wellbeing expo, Brisbane.



Our national Employee Assistance Program.



Women in Banking and Finance 'Mentoring for Success' program for 2023.

Learning and development

We've remained focussed on the delivery of education, training and development initiatives which build our organisational capability and deliver improved member outcomes.

The merger has ensured Heritage and People's Choice has a strong portfolio of learning and development activities, including comprehensive in-house training, partnership arrangements with external organisations, study assistance leave and financial support.

Across the financial year, Heritage and People's Choice provided 811 courses with more than 65,000 learning hours completed by our people. Along with standard table-based and online learning programs, we provide employees with many unique opportunities, such as:

- **The Couch**
A regular in-house forum open to all employees, either in-person or online, to help them take ownership of their own personal development.
- **Women in Banking and Finance**
An elite mentoring program for women leaders with high potential.
- **Developing Leaders**
An intense eight-week program of study and project work.
- **COBA Emerging Leaders**
Ten emerging leaders attended the national Customer Owned Banking Association Convention, providing direct engagement with our Executive Committee and Board.

Our governance

Heritage and People's Choice has a strong focus on meeting the governance requirements of our Significant Financial Institution status.



At Heritage and People's Choice, we manage our business ethically and maintain high standards of corporate governance. We recognise that the added size of our newly merged organisation requires a greater degree of rigour in our governance. This is not only good business practice but an expectation that comes with attaining the status of a Significant Financial Institution.

Corporate Governance Overview

Our Board

The new Heritage and People's Choice Board was formed by uniting the incumbent directors of Heritage Bank and People's Choice. This was done to maintain balance and leadership stability through the change process, and to ensure the maximum knowledge and experience was kept within the business to deliver the smoothest transition possible with no negative impact for members. The Board will be reduced to eight directors over the next three years, with a constant focus on maintaining the appropriate mix of skills.



*Our Board of Directors celebrating the first day of Heritage and People's Choice with CEO, Peter Lock and Deputy CEO, Steve Laidlaw.
L - R: John Patton, Wendy Thorpe, Amanda Heyworth, Peter Clare, Dennis Campbell, Peter Lock, Virginia Hickey, Michael Cameron, Steve Laidlaw, Kerry Betros, Stephen Davis, Brendan Baulch, Georgina Williams and Wendy Machin.*

Governance

The Board and management of Heritage and People's Choice is wholly committed to acting lawfully, responsibly and ethically.

We use a principles-based approach to achieve sound corporate governance and business practices, adopting appropriate policies at Board level and cascading them throughout the organisation.

Each Board member has significant relevant experience which they bring to their role of overseeing the operations of Heritage and People's Choice, including our compliance with our regulatory requirements.

The Board also has a number of standing committees which have responsibilities for specific business areas, with committee members selected on their depth of knowledge, skills and experience. These committees are:

- Audit Committee
- Remuneration and Governance Committee
- Risk and Compliance Committee
- Technology and Integration Committee



For further information, refer to our Corporate Governance Statement in our Financial Report which is available on the Heritage Bank and People's Choice websites.

Approach to ESG

At Heritage and People's Choice, our core business is banking services, but what we do captures much more than just that. We firmly believe we have a responsibility to leverage our position as Australia's leading mutual banking organisation to do more, and therefore we conduct a broad range of activities that positively support our members, our employees and our communities.

Following the merger, Heritage and People's Choice established a Sustainability and Community Impact team to provide a dedicated capability to progress our organisation's environmental, social and governance (ESG) activity and develop a systematic approach to doing good.



Artist Gabriel Stengle with Chief Member Officer, Maria-Ann Camilleri.

The Sustainability and Community Impact team is also responsible for measuring the impact of this work and reporting the results. These activities are guided, measured and reported on through our ESG framework.

In turn, this work is overseen by an ESG Management Committee which provides a dedicated forum to monitor and guide all ESG initiatives and activities across our organisation.



B Corp Certification

The B Corp framework is central to our ESG program as it underpins the way we design, measure and report on our positive impact. Before the merger, People's Choice achieved B Corp certification in August 2022.

B Corps are businesses that meet the highest standards of social and environmental performance, transparency and accountability. Certification is a highly rigorous process, and a minimum score of 80 points is required across five impact areas: governance, workers, community, environment and customers. The certification provides third party verification of our impact and is internationally recognised, with more than 7,000 organisations certified globally. We are using the B Corp framework to measure our diverse range of ESG activities and continuously improve ahead of our B Corp re-certification in 2025.

Heritage and People's Choice publicly discloses specific practices through:

Modern Slavery Statement

Workplace Gender Equality Agency (WGEA) Report

Carbon Neutral Disclosure via Climate Active

Further information about these reports and a copy of our 2023 Financial Report can be found on the People's Choice and Heritage Bank websites.

Focus on enterprise risk

Risk Management Framework

As a leading financial institution, the identification and appropriate management of risk is something we take seriously – to honour the trust placed in us by our members, and to fulfil all our legal and regulatory responsibilities.

We do this through a detailed Risk Management Framework which is comprised of all the systems, structures, policies, processes, and people associated with all sources of material risk.

The Framework allows us to properly develop and implement a range of controls to manage those risks, as we conduct our day-to-day business of supporting members with their banking needs.

Our Risk Appetite Statement defines the degree of risk that we are prepared to accept, always taking into account the best interest of our members.

The Heritage and People's Choice strategy and business planning process also considers whether:

- Appropriate activity has been undertaken to identify risks and whether effective responses and actions have been put in place.
- The right level of risk is being accepted and the right outcome is being achieved.
- Ongoing investment in risk management systems or revision of the organisation's risk appetite is required.

All employees are responsible for identifying and managing risk and operating within our risk appetite boundaries. This ensures effective risk management and is an integral part of good management practice.

Our designated risk management function fully complies with Prudential Standard CPS 220 - Risk Management.





Strengthening our risk culture is fundamental to achieving our strategic objectives.

Strengthening our risk capability

At Heritage and People's Choice we continually enhance our overall risk management framework to keep it aligned with best practice.

In addition, we are delivering our Integrated Remediation Plan (IRP), which we were required to develop by the Australian Prudential Regulatory Authority (APRA), and which Heritage Bank commenced in 2022. APRA approved the IRP in July 2022 and it will further strengthen our risk culture, governance, controls, framework, and compliance practices, while also meeting the increased regulatory expectations we now operate under due to our significantly increased size.

Under the plan we will achieve a clearly defined target state for risk culture, governance, controls, frameworks, and compliance practices. After appropriately designing these measures, we have commenced implementation and aim to have them completed by the end of 2024.

Our risk culture

Risk culture is fundamental to achieving our strategic and business objectives, and protecting our members. Our Values and Code of Conduct underpin the desired risk culture and the way we want people to do things.

The Board and Executive are fully engaged in establishing and maintaining a corporate culture that is guided by strong risk management and promotes appropriate ethical standards for the conduct of business and responsible behaviour.

Heritage and People's Choice Limited

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