



Internal Dispute Resolution Policy.

Defence Bank Limited.

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1. Overview

Defence Bank (“the Bank”) must have an appropriate dispute resolution process to handle complaints for the purposes of:

- the Customer Owned Banking Code of Practice
- the *Corporations Act 2001* Chapter 7 (Financial services and markets)
- the *National Consumer Credit Protection Act 2009* and the *National Credit Code*, in relation to:
 - hardship notices
 - postponement requests.
- the *Retirement Savings Accounts Act 1997*
- the ePayments Code
- the *Privacy Act 1988*, the Australian Privacy Principles and the Privacy (Credit Reporting) Code 2014 (v 2.3)
- *ASIC Act 2001* Part 2 (Consumer protection in relation to financial services)
- the Consumer Data Right regime under Part IVD of the *Competition and Consumer Act 2010*

The dispute resolution process operates in two stages:

- an internal dispute resolution (IDR) process under which the Bank will use best efforts to resolve a Member’s complaint to the mutual satisfaction of the Bank and the Member
- failing resolution, an external dispute resolution (EDR) process under which the Member, dissatisfied with the Bank’s decision, can refer the complaint to an external body for resolution.

This Dispute Resolution Policy and supporting procedures sets out the requirements for:

- the Bank’s IDR scheme; and
- management of the Bank’s EDR process, through AFCA.

2. Access to our IDR and EDR processes

The persons who can access our IDR and EDR processes are:

- members
- persons the member has given authority to operate
- non-members / non-customer loan applicants when the Bank declined the application
- guarantors of our members' consumer loans
- any person with a privacy complaint
- any person with a consumer data right (CDR) complaint

For the purposes of this Policy, reference to a Member includes reference to the persons described above who can access our IDR & EDR processes.

3. Scope & purpose of the Dispute Resolution Policy and supporting procedures

The Dispute Resolution Policy and supporting procedures provides a process for the prevention, handling and resolution of complaints between the Bank and its Members.

The purpose of the Policy and supporting procedures is to empower our staff to:

- effectively respond to Members’ complaints in a professional and timely manner



- treat each complaint as an opportunity to retain and build a more valuable relationship with our Members.

The objectives of the Policy and supporting procedures are to establish:

- an IDR process that complies with Australian Standard AS/NZS 10002:2014: Guidelines for complaint management in organizations and ASIC Regulatory Guide 271 – Internal dispute resolution
- a process to record, action and resolve Members' complaints
- a process to provide Members, dissatisfied with a decision, a referral to an external process for resolution of their complaint
- a process to review and monitor the Bank's performance against its policies, procedures, compliance systems and the Customer Owned Banking Code of Practice (COBCoP).

4. Policy

4.1. Policy outline

The Bank will establish and maintain good working relationships with its Members to more effectively prevent complaints. To that end, the Bank will:

- respect Members' rights to lodge a complaint whether written or verbal
- value complaints from Members as an opportunity to enhance relationships with the Bank
- promote organisational improvements by identifying systemic issues or ineffective processes
- encourage all staff to take a proactive approach to Member retention by providing a system available for staff to access and track resolution of complaints.

The Bank recognises that good working relationships with its Members are based on:

- effective and efficient complaint and dispute resolution processes
- open and effective communication
- good faith and respect for each other's views.

4.2. Effective and efficient complaint and dispute resolution process

The Bank will have an effective and efficient complaint and dispute resolution process that:

- is provided free of charge
- is accessible
- is documented
- is communicated to Members and staff
- has stated time limits for each stage of the process
- provides for review and evaluation of Members' complaints.

4.3. Open & effective communication

Staff should:

- effectively communicate adequate and relevant information to the Member
- communicate the process to the Member and agree on a timetable for communication
- be prepared to listen to the Member's views, concerns and comments
- try to understand the effect of the complaint on the Member
- be patient and make allowance for any perceived disability the Member may have, such as English not being the Member's native language.



Staff should manage each complaint fairly, ethically and reasonably, including those from complainants who display unreasonable or challenging behaviour.

The Bank will have information readily available to its Members and other interested parties which provides for the following:

- where, and to whom, complaints can be made
- how complaints can be made
- information to be provided by the complainant (in order to assist in resolving the dispute)
- the process for handling complaints
- time periods for each stage of the complaint handling process
- remedies available to the complainant, including EDR
- how the complainant can obtain general feedback and progress/status report of the complaint.

4.4. Good faith

Staff should:

- be committed to achieving a mutually beneficial outcome for the Member and the Bank
- strive to instil a sense of trust in the Member and the Bank's processes
- be flexible, within the context of achieving a mutually beneficial outcome
- recognise that confidentiality may be an important concern for the Member.

4.5. IDR remedies

The types of remedies available to staff may include the following:

- offering the Member compensation
- re-performing the particular service or function
- correcting the particular error complained of
- offering the Member an apology or explanation for the error complained of
- any combination of these.

5. Board & CEO commitment

The Board of the Bank and its CEO are committed to the implementation of this Policy, as evidenced by:

- ensuring relevant staff are aware of and educated about the Bank's IDR procedures
- ensuring that adequate resources are allocated to IDR
- implementing management systems and reporting procedures to ensure timely and effective complaints handling and monitoring.

6. Responsibility

The Head of Compliance is the Bank's designated IDR and EDR Manager responsible for overseeing the Bank's Dispute Resolution Policy and supporting procedures for complaint handling.

7. Training

All relevant staff will receive training on the internal dispute resolution process. New staff, where relevant, will receive training as part of their induction.



All relevant staff will also be provided with refresher training on an ongoing basis as determined in accordance with the Bank's training program.

8. Disclaimer

This Internal Dispute Resolution Policy is current as at and as from May 2023.



Defence
Bank