

BELL FINANCIAL GROUP
CORPORATE GOVERNANCE STATEMENT
2021

This Corporate Governance Statement has been approved by the Board of Bell Financial Group Ltd (ACN 083 194 763) (ASX: BFG) (**Bell Financial Group**) and is current as at 31 January 2022. It outlines the key corporate governance practices of Bell Financial Group during the reporting period from 1 January 2021 to 31 December 2021.

Bell Financial Group recognises the importance of good corporate governance. The ASX Corporate Governance Council (**Council**) Principles and Recommendations (**Recommendations**) set out recommended corporate governance practices for listed entities. While the Recommendations are designed to achieve good corporate governance outcomes, the Council recognises that different entities may legitimately adopt different corporate governance practices based on a range of factors, including their size and complexity. The Recommendations are therefore not mandatory, however where the board of a listed entity does not follow a particular Recommendation, it must explain why – the “if not, why not” approach.

Bell Financial Group adopted the majority of the Recommendations during the reporting period. Where a Recommendation was not followed for any part of the reporting period, the reasons for this are stated below together with any alternative governance practices adopted.

Board members

The directors of Bell Financial Group during the reporting period were:

Name	Position	Independent
Alastair Provan	Executive Chairman	No
Graham Cubbin	Independent Director	Yes
Brian Wilson AO	Independent Director	Yes
Christine Feldmanis	Non-Executive Director	No
Craig Coleman ¹	Independent Director	Yes

1. Mr Coleman retired on 17 February 2021.

Composition of the Board

The skills, experience and expertise of each director is described in the Directors’ Report section of the Annual Report. Each director possesses significant financial acumen and has extensive experience in financial markets and financial services. The following table summarises the key skills and experience of the directors during the reporting period (including Mr Coleman):

Skills and experience	No. of directors
Retail and institutional broking	5
Investment banking / equity capital markets	5
Financial acumen	5
Other financial services	5
Held CEO or similar position in financial organisation	5
Experience as a non-executive director of at least 2 other listed entities	4

Chairman

Mr Provan is the Executive Chairman of Bell Financial Group and he is responsible for the day-to-day management of all businesses within the Group. The Chairman of the Board is not an independent director and he is currently performing the roles of both Executive Chairman and Managing Director. This represents a departure from the Recommendations. The Board considers that this is in the best interests of Bell Financial Group given the depth and breadth of Mr Provan's experience, expertise and understanding of the business.

Directors' independence

A director is considered independent if their interests are not allied with the interests of management, they are not a substantial shareholder, and they are free of any business or other relationship that could materially influence, or reasonably be perceived to materially influence, the independent exercise of their judgement. The Board Charter contains the principles used by the Board in assessing independence and is located at www.bellfg.com.au/#corporate-governance.

During the reporting period the Board had a majority of independent directors until 17 February 2021 and thereafter had an equal number of independent and non-independent directors. This is a departure from the Recommendation that a majority of the Board should be independent directors. The Board had a majority of non-executive directors throughout the reporting period. The Board considers that it is able to make decisions acting in the best interests of Bell Financial Group without bias towards management or any other person or group with whom a non-independent director may be associated.

Independent professional advice

Directors are, after consultation with the Chairman, able to seek independent professional advice at Bell Financial Group's expense. Where appropriate, that advice will be made available to the Board.

Director education

Bell Financial Group has a process to educate new directors about the nature of the business, current issues, corporate strategy and the expectations of Bell Financial Group concerning the performance of directors. Directors also have the opportunity to meet with management to gain a better understanding of Bell Financial Group's business and operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

BOARD RESPONSIBILITIES

The Board is responsible for the overall corporate governance of Bell Financial Group, which includes effective oversight of management. The Board has adopted a Board Charter which contains a description of the specific responsibilities reserved to the Board and those reserved to management. The Board Charter also describes the nature of matters delegated to senior executives and includes a description of the roles of the Executive Chairman and the Managing Director. This description is designed to clearly identify the division of responsibility at the senior executive level of Bell Financial Group. The Managing Director has authority to delegate to the senior executive team. As noted above, Mr Provan is currently performing the roles of both Executive Chairman and Managing Director.

The Board is responsible for monitoring the senior executive team's performance. A performance evaluation for senior executives was carried out by the Executive Chairman during the reporting period.

BOARD COMMITTEES

The Board Charter contemplates that the Board may delegate certain functions to Board committees to assist the Board in the discharge of its oversight role. A committee is required to consider particular issues in detail and then report back to and advise the Board. The Board has one standing committee, the functions of which are discussed below.

Group Risk and Audit Committee (GRAC)

The GRAC assists the Board to carry out its oversight role in relation to risk management, compliance, accounting, auditing and financial reporting. The core responsibilities of the GRAC include reviewing and where required providing recommendations to the Board on:

- the effectiveness of Bell Financial Group's systems of risk management, internal controls and compliance
- financial reporting and financial statements
- monitoring the independence and competence of the external auditors
- overseeing the performance of the internal audit and risk function.

The GRAC Charter states that the Chair of the Committee must be an independent director who is not the Chairman of the Board. The Charter also states that the Committee must be comprised of only non-executive directors, a majority of independent directors and have at least three members. These requirements were met during the reporting period.

Under the GRAC Charter, the Committee is required to review its performance periodically and whenever there are major changes to the management structure of Bell Financial Group. The performance evaluation has regard to the extent to which the Committee has met its responsibilities under the Charter. A formal performance evaluation was not undertaken during the reporting period. A copy of the GRAC Charter is located at www.bellfg.com.au/#corporate-governance.

REMUNERATION

Bell Financial Group does not have a remuneration committee. The Board has reserved for itself decisions on the remuneration framework for non-executive directors, executive directors and other key management personnel (KMPs), and senior executives. This includes recommendations in relation to incentive schemes and equity-based plans where appropriate. An overview of Bell Financial Group's remuneration policy and framework is contained in the Board Charter and the Remuneration Report section of the Annual Report, located at www.bellfg.com.au/#corporate-governance.

BOARD NOMINATIONS AND RENEWAL

Bell Financial Group does not have a nomination committee. The Board has reserved for itself the relevant responsibilities, including appointing and removing the Managing Director, developing and approving succession plans for the Board and key senior executives and overseeing that membership of the Board has the mix of experience, skills and diversity appropriate for Bell Financial Group's needs. A performance evaluation of the Board as a whole and each individual director was carried out during the reporting period. There must be an election of directors at each Annual General Meeting. The constitution of Bell Financial Group provides, among other things, for a process of retirement of directors by rotation (which occurs for each director approximately every three years except for the Managing Director). Directors who retire from office are eligible to stand for re-election.

COMPANY POLICIES

Code of Conduct

Bell Financial Group has developed a Code of Conduct which applies to all directors, officers, employees, contractors, consultants and associates. Bell Financial Group is committed to honesty and integrity in all its dealings, as well as ensuring the highest quality of service is provided to clients at all times. The Code sets out the ethical standards, values and policies of Bell Financial Group. It provides a framework to guide compliance with legal and other obligations to stakeholders, commitment to which the Board believes will maintain the confidence of Bell Financial Group's stakeholders. The Code sets out Bell Financial Group's policy on anti-bribery and corruption, privacy and confidentiality, among other things, and states that all potential or actual conflicts of interest must be avoided or disclosed. Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with that of Bell Financial Group. Where the Board believes that a significant conflict exists for a director on a Board matter, the director concerned will not receive the relevant Board papers and must not be present at the meeting while the item is considered. Details of certain transactions with Bell Financial Group and related parties of directors and KMPs must be disclosed in the Annual Report.

A copy of the Code of Conduct is located at www.bellfg.com.au/#corporate-governance.

Disclosure and Communications Policy

With a view to ensuring that shareholders are informed of all major developments affecting Bell Financial Group and its businesses, the Board has adopted policies, including a Disclosure and Communications Policy, designed to ensure that Bell Financial Group meets the continuous disclosure obligations imposed by the ASX Listing Rules and the Corporations Act. Information is communicated to shareholders through ASX announcements, the Annual Report and the half-yearly report, which are available on Bell Financial Group's website, www.bellfg.com.au. Shareholders may elect to receive all communications from Bell Financial Group's share registry electronically. Bell Financial Group also provides a facility for shareholders to ask questions via its website, which are answered directly.

A copy of the Disclosure and Communications Policy is located at www.bellfg.com.au/#corporate-governance.

Trading Policy

Bell Financial Group has adopted a Trading Policy that applies to the directors and other KMPs, directors of Bell Financial Group's subsidiaries, and other persons nominated by the Managing Director from time to time (**Designated Persons**). The Policy explains the restrictions on trading that apply to Designated Persons, including during the following 'black-out periods' (subject to limited exceptions):

- from the end of Bell Financial Group's financial year (31 December) until the release of the full year results in February; and
- from the end of Bell Financial Group's half-year (30 June) until the release of the half-year results in August.

Other 'black-out periods' may be declared from time to time. The Policy contains an approval process to be followed by Designated Persons if they propose to deal in Bell Financial Group's securities.

A copy of the Trading Policy is located at www.bellfg.com.au/#corporate-governance.

Diversity Policy

Considerable diversity exists throughout the Group in terms of age, culture and gender. Bell Financial Group values diversity in the workplace and is committed to employing people on the basis of the 'best fit' for the job, based on relative ability, performance and potential. Bell Financial Group departs from the Recommendations in that it does not set measurable objectives around gender diversity, nor does it disclose the proportion of female employees at organisation, senior executive and Board level.

Bell Financial Group's Diversity Policy is located at www.bellfg.com.au/#corporate-governance.

Description of Risk Management Policy and Framework

The Board understands that the management of risk is a continuous process and an integral part of sound business management and corporate governance. The GRAC plays a key role in assisting the Board with its responsibilities relating to the effectiveness of Bell Financial Group's systems of risk management and internal controls, financial reporting, compliance, monitoring the independence and competence of the external auditors, and overseeing the performance of the internal audit and risk function. The GRAC is also responsible for promoting a widely shared control and risk management culture appropriate to Bell Financial Group's business.

Bell Financial Group has implemented a Risk Management Policy and Framework based on *AS ISO 31000:2018 Risk Management – Guidelines*. The Group's principal financial instruments comprise loans and advances, listed securities, derivatives, term deposits and funds at call. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. These are examined in more detail in the Annual Report. The GRAC reviews Bell Financial Group's Risk Management Policy and its Risk Management Plan at least annually and a review was conducted during the reporting period. The GRAC reports to the Board on these matters and the Board was satisfied that Bell Financial Group's risk management and internal control systems were appropriate during the reporting period.

A description of the Risk Management Policy Framework is located at www.bellfg.com.au/#corporate-governance.

Whistleblower Policy

Bell Financial Group has a policy to ensure that individuals can raise any concerns about misconduct or impropriety in a way that is confidential, safe and secure, through different channels.

A copy of the Whistleblower Policy is located at www.bellfg.com.au/#corporate-governance.

Modern Slavery Statement

Given the high level of oversight and control that Bell Financial Group has over its operations, and the nature of the financial services that it provides, Bell Financial Group considers that the risks of modern slavery and human trafficking in its operations and supply chain are rated low. The steps that Bell Financial Group takes to mitigate those risks are set out in its Modern Slavery Statement.

A copy of the Modern Slavery Statement is located at www.bellfg.com.au/#corporate-governance.

OTHER GOVERNANCE MATTERS

Material exposure to economic, environmental and social sustainability risks

There are a number of material financial and non-financial risks that could adversely affect the Group and the achievement of the Group's financial performance objectives, including market risk, credit risk and liquidity risk. Those risks and how they are managed are described in Notes 3 and 30 to the Financial Statements in the Annual Report. Other key risks include:

- Movements in Australian and international financial markets
- Changes in legislation and policy
- Operational risks (including regulatory compliance and technology and information systems)
- Loss of key business relationships
- Competition and pricing pressure
- Loss of reputation.

The Board has considered whether the Group has any direct material exposure to environmental or social risks. At this time, the Board does not consider that the Group has any material exposure to these risks. However, the Board continues to monitor and keep a watching brief over the potential impacts of environment and social risks across the Group.

External auditor

Bell Financial Group's policy is to appoint an external auditor who demonstrates quality and independence. The performance of the auditor is reviewed annually. KPMG is Bell Financial Group's external auditor. The external auditor attends each Annual General Meeting where they are available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Internal audit

The internal auditors assist the GRAC in ensuring Bell Financial Group's compliance with internal controls and risk management programs by regularly reviewing the effectiveness of the Group's internal controls and systems. The GRAC is responsible for approving the program of internal audit visits to be conducted each financial year and for the scope of the work to be performed. The GRAC is also responsible for recommending to the Board the appointment and dismissal of the Head of Internal Audit and Risk.

Other information

This Corporate Governance Statement and the ASX Appendix 4G (a checklist cross-referencing the Recommendations to the relevant disclosures in this document, the Annual Report and Bell Financial Group's website) have been lodged with the ASX and can also be found at: www.bellfg.com.au/#corporate-governance.