

Remuneration Disclosure

The following remuneration disclosure is for Sandhurst Trustees Limited (“Company”). The Company is a Registrable Superannuation Entity (“RSE”) and holds an RSE license. The disclosures are provided in accordance with the Superannuation Industry (Supervision) Act 1993 and Superannuation Legislation Amendment (MySuper Measures) Regulation 2013.

Sandhurst Key Management Personnel

Name	Position	Term
Non-Executive Directors		
Jenny Dawson	Chair & Non-executive Director	Full Year
Richard Baker	Non-executive Director	Full Year
Anthony Hodges ¹	Non-executive Director	Part Year
Deb Radford ²	Non-executive Director	Part Year
Alexandra Tullio ³	Non-executive Director	Part Year
Executive Directors		
Paul Rohan	Head of Wealth Services	Full Year
Executive Officers		
Justin Hoare	Head of Sandhurst Trustees	Full Year

1. Mr Hodges commenced as NED on 2 January 2021 and resigned from the Board on 24 March 2021.

2. Ms Radford commenced as NED on 23 July 2019 and resigned from the Board on 1 January 2021.

3. Ms Tullio commenced as NED on 9 March 2021.

The Company is a wholly owned subsidiary of Bendigo and Adelaide Bank Limited (the “Bank”). The remuneration received by the executive directors and officers and non-executive directors is paid directly by the Bank. The respective remuneration arrangements are determined in accordance with the Bank’s remuneration policy, the key features of which are set out in the Bank’s 2021 Annual Financial Report.

Section 1. Sandhurst executive remuneration

1.1 Fixed Base remuneration

Fixed base comprises cash salary, salary sacrifice and employer superannuation contributions.

1.2 Annual incentive

The annual incentive component is designed to provide an appropriate level of reward for the achievement of annual financial targets and business objectives and is set based on the executive’s responsibilities and target remuneration mix.

An annual incentive component will only be awarded if an annual bonus pool is established. The annual bonus pool is dependent upon the organisation achieving a minimum annual result which is approved by the Board of the Bank at the start of the year. If the minimum level of cash earnings is not achieved, a bonus pool will not be established and no awards will be made.

The bonus pool will increase with cash earnings performance above the threshold performance level, subject to the achievement of key financial and risk adjustment measures. The bonus pool is capped when our achieved results reach 110 percent of the cash earnings target. The Board also applies a discretionary overlay to take into account the underlying quality of the result and shareholder outcomes.

The Board of the Bank decides the bonus pool availability after financial year-end, on recommendation from the Governance & HR Committee.

The Head of Wealth Services and Head of Sandhurst Trustees participate in the Group Bonus Plan. The performance objectives and measures for these employees under the bonus typically include:

- a) Targets and measures determined by the Bank for the role set at a level which represents superior performance and include achievement of threshold financial targets;
- b) Team performance and contribution to organisation and division success;
- c) The passing of minimum gateway standards set for performance and contribution, values based behaviour and risk and compliance; and
- d) Individual contribution to Bank, division and team success and the individual's performance in achieving and exceeding goals and work program for the year.

1.3 Long-term incentive ("LTI") (performance rights grants)

At the Board's discretion, executives may be invited to participate in annual grants of performance rights. The rights are granted at no cost, have no exercise price and each right represents an entitlement to one ordinary share.

The remuneration value of the grants is based on their role, and the number of rights granted is determined by dividing the face value of the LTI by the volume weighted average closing price of the Bank's shares for the last five trading days of the financial year prior to the year of the grant.

There were no performance rights allocated to Sandhurst Trustees personnel for FY2021.

1.4 Common equity grant terms

Performance rights grants have previously been made in accordance with the rules of the Bank's Employee Salary Sacrifice, Deferred Share and Performance Right Plan and the BEN Omnibus Equity Plan. The terms of the two set of plan rules are similar, with the key difference being the BEN Omnibus Equity Plan provides for grants to be settled in equity or cash at the Board's discretion. This was included to provide the Board of the Bank with greater flexibility in settling equity incentive grants. Future grants will be made under the new set of BEN Omnibus Equity Plan rules.

Performance rights do not carry any dividend or other shareholder rights such as voting. The executives are prohibited from dealing in the performance rights until they have been advised that the performance rights have vested.

If an executive ends their employment or their employment ends because of an act which constitutes serious misconduct, the performance rights will be forfeited on the executive's last day of employment unless, in the case of resignation, exceptional circumstances apply, and the Board decides to vest some or all the rights.

If an executive's employment ends because of death, disability, redundancy, or any other reason approved by the Board, the performance rights will continue to be held as if the executive's employment has not ended, and the service condition will be treated as waived, unless the Board decides otherwise. If the Board does decide otherwise, it may determine that some or all of the rights are forfeited, which would occur on the last day of employment.

The Board has discretion under the Plan rules to vest all or a specified number of performance rights if there is a takeover, compromise, scheme of arrangement or merger. Matters the Board may take into account include the Group's pro-rata performance against the performance conditions and the individual's performance.

Under the rules of the Plan the Board has discretion to satisfy vested performance right grants by either issuing new shares or acquiring shares on-market. The shares are typically acquired on-market.

1.5 Risk adjustment

The Board may adjust the number of deferred shares and performance rights that vest to take into account any unforeseen or unexpected circumstances and risk developments. The Board has absolute discretion to adjust variable remuneration (group bonus and LTI) to reflect the following:

- a) The outcomes of business activities;
- b) The risks related to the business activities taking into account, where relevant, the cost of the associated capital; and
- c) The time necessary for the outcome of those business activities to be reliably measured.

This includes adjusting performance-based components of remuneration downwards, to zero if appropriate. On an annual basis the Board reviews the appropriateness of releasing deferred equity components taking into account the performance outlook, risk profile and any other matter that might impact the reputation or financial soundness.

1.6 Hedging and margin loan restrictions

The remuneration policy mandates that executives, and their closely related parties, may not enter into a transaction designed to remove the at-risk element of equity-based pay before it has vested, or while it is subject to a trading restriction. The restriction is contained in the Remuneration Policy. The Bank treats compliance with the requirement as important and at the end of each year

requires the individuals to confirm they have complied with the restriction. If the restriction is breached the individual will forfeit all equity-based remuneration that is subject to the prohibition at the time of the breach.

The Bank's Trading Policy also prohibits KMPs and Executives from using the Bank's securities as collateral in any margin loan arrangements.

Section 2. Non-executive Director remuneration

The remuneration of Non-executive Directors is based on the following principles and arrangements. There is no direct link between Non-executive Director fees and the annual results of the Group. Non-executive Directors do not receive bonuses or incentive payments, nor receive any equity based pay.

The Bank's Governance & HR Committee (the "Committee") recommends to the Board of the Bank the remuneration for Non-executive Directors. The base fee is reviewed annually by the Committee and the following considerations are taken into account in setting the base fee:

- a) The scope of responsibilities of Non-executive Directors and time commitments. This includes consideration of significant changes within the industry which may impact director responsibilities, at both the Board of the Bank and committee level.
- b) Fees paid by peer companies and companies of similar market capitalisation and complexity, including survey data and peer analysis to understand the level of director fees paid in the market, particularly in the superannuation and finance sector.

Non-executive Directors receive a fixed annual fee inclusive of superannuation contributions at 9.50 percent. In relation to superannuation contributions, Non-executive Directors can elect to receive amounts above the maximum contributions limit as cash or additional superannuation contributions.

Section 3. Sandhurst Executive and Non-Executive Director remuneration

Table 1: Non-Executive Director Remuneration

The following payments were made to Non-executive Directors for the 2021 and 2020 financial years in relation to their service on the Sandhurst Board.

Non-executive Director		Short Term Benefits		Post-employment Benefits	Total
		Fees	Non-monetary Benefits	Superannuation Contributions ¹	
Jenny Dawson	2021	\$85,000	-	\$8,075	\$93,075
	2020	\$85,000	-	\$8,075	\$93,075
Richard Baker	2021	\$50,000	-	\$4,750	\$54,750
	2020	\$44,973	-	\$4,272	\$49,245
Anthony Hodges ²	2021 (part year)	\$11,154	-	\$1,060	\$12,214
	2020	-	-	-	-
Deb Radford ³	2021 (part year)	\$31,846	-	\$3,025	\$34,871
	2020 (part year)	\$47,541	-	\$4,516	\$52,057
Alexandra Tullio ⁴	2021 (part year)	\$16,923	-	\$1,608	\$18,531
	2020	-	-	-	-
Former Non-executive Directors					
Tony Robinson ⁵	2021	-	-	-	-
	2020 (part year)	\$2,248	-	\$213	\$2,461
Totals	2021	\$194,923	-	\$18,518	\$213,441
	2020	\$179,762	-	\$17,076	\$196,838

1. Represents company superannuation contributions.

2. Mr Hodges commenced as NED on 2 January 2021 and resigned from the Board on 24 March 2021.

3. Ms Radford commenced as NED on 23 July 2019 and resigned from the Board on 1 January 2021.

4. Ms Tullio commenced as NED on 9 March 2021.

5. Mr Robinson resigned as NED on 22 July 2019.

Table 2: Sandhurst Executive Remuneration

The remuneration paid to Sandhurst Executives for the 2021 and 2020 financial years is set out below in the table below. The amounts are based on the estimated percentage of time allocated to the Company's business and operations.

Executive		Short-term Employee Benefits			Superannuation ⁴	Other long-term benefits ⁵	Termination	Share Based Payments ^{6,7}	Total
		Cash Salary ¹	Cash Bonus ²	Non-monetary benefits & allowances ³				Performance Rights	
Justin Hoare ⁸	2021	\$175,502	\$17,840	\$3,367	\$16,939	\$343	-	-	\$213,991
	2020	\$170,382	-	\$6,534	\$16,405	\$3,010	-	-	\$196,331
Paul Rohan ⁸	2021	\$62,016	\$6,132	\$360	\$5,002	\$1,020	-	\$2,637	\$77,167
	2020	\$60,080	-	\$4,620	\$4,201	\$1,017	-	\$3,930	\$73,848
Total	2021	\$237,518	\$23,972	\$3,727	\$21,941	\$1,363	-	\$2,637	\$291,158
	2020	\$230,462	-	\$11,154	\$20,606	\$4,027	-	\$3,930	\$270,179

- Cash salary amounts include the net movement in annual leave accrual for the year.
- These amounts represent cash awards under the Group Bonus Plan for the financial year expected to be paid in September 2021.
- Relates to sacrifice components of salary such as motor vehicle costs, and allowances.
- Represents company superannuation contributions made on behalf of Sandhurst Executives. Company superannuation contributions form part of fixed base remuneration and are paid up to the statutory maximum contributions base.
- The amounts disclosed relate to movements in long service leave entitlement accruals, and any cashing out of long service leave entitlements.
- In accordance with the requirements of Australian Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments is calculated as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual participants may ultimately realise should the equity instruments vest. The fair value of performance shares as at the grant date has been calculated under AASB 2 Related Party Disclosures applying a Black-Scholes-Merton valuation method incorporating a Monte Carlo simulation option pricing model to estimate the probability of achieving the Total Shareholder Return hurdle and the number of performance shares that vest. The assumptions underpinning these valuations are set out in Table 4.
- The amounts included in the performance rights column represent the fair value of performance right grants amortised over the applicable vesting period. The current year amounts for other executives represent the amortised fair value allocation for the 2019 and 2020 performance right grants. The comparative amounts represent the amortised fair value allocation for the 2018, 2019 and 2020 performance right grants.
- Represents pro-rata for time as an Executive Officer and Executive Director for Sandhurst Trustees in FY2021 for Mr Hoare and Mr Rohan respectively.

Table 3: Sandhurst Executive Annual Incentive Payments 2021

Short term incentives were allocated to Sandhurst executives in relation to FY2021 performance as detailed in the BEN FY2021 Annual Financial Report. The Group Bonus Plan for FY2021 and the percentage forfeited are also set out in the table below. The amounts are based on the estimated percentage of time allocated to the Company's business and operations and the term engaged as a Sandhurst KMP.

Executive	Bonus maximum opportunity	Bonus payment ¹	Bonus payment as % of Bonus maximum opportunity	% of Bonus Award forfeited
J Hoare	\$35,680	\$17,840	50%	50%
P Rohan	\$12,260	\$6,132	50%	50%

- The bonus award is subject to the achievement of financial and non-financial measures.

Table 4: All equity plans – equity valuation inputs

The following tables summarise the valuation inputs for equity instruments issued by the Bank during the year.

Performance Rights

Terms and conditions of grant									
Equity Instrument	Grant date	Fair value ¹	Share Price \$	Exercise price	Risk-free interest rate	Dividend yield	Expected volatility	Expected life	Performance period end / expiry date ²
Performance Rights – Sleeve 1	17.12.2018	\$8.60	\$10.37	-	1.89%	6.73%	23.40%	3 years	30.06.2021
Performance Rights – Sleeve 2	17.12.2018	\$5.57	\$10.37	-	1.89%	6.73%	23.40%	3 years	30.06.2021
Performance Rights	17.12.2019	\$8.16	\$9.89	-	0.88%	7.08%	20.20%	3 years	30.06.2022

1. The fair value is calculated as at grant date in accordance with AASB 2 Share-based Payments using an independent valuation.
2. The Board will test the performance condition as soon as practical after year end. Any performance rights that do not vest will lapse at 5.00pm on the date the Board makes its decision on what performance rights vest or lapse.

Table 5: All Equity plans – grants of instruments FY2021

The table below sets out the number and value of equity instruments granted by the Bank during FY2021. It also includes details of instruments granted in prior years that vested or were forfeited or lapsed during the year. The amounts are based on the estimated percentage of time allocated to the Company's business and operations but not prorated for length of time in role.

Executive	Equity Instrument	Grant Date	Granted ¹	Granted ²	Prior years' awards vested ³	Prior years' awards vested ²	Forfeited / Lapsed ^{2,4}	Forfeited / Lapsed ^{4,5}
			Units	\$	Units	\$	Units	\$
P Rohan	Performance Rights	17.12.2018	-	-	194	1,675	361	2,014

1. No grants were made to Sandhurst executives for FY2021.
2. The value of the performance right grants is the fair value (refer Section 4). The minimum total value of the grants, if the applicable performance and service conditions are not met, is nil. The future value of the rights is dependent on the achievement of the performance hurdles and the share price at the time the performance rights vest. As the actual value that may be derived by the executives is dependent upon the Bank's share price at the time the rights vest, an estimate of the maximum possible total value in future financial years is the fair value shown above.
3. The percentage of performance rights that vested in FY2021 was 35% for the FY2019 LTI Plan where the first sleeve vested at 100% when measured on NPS performance and the remaining sleeve lapsed when measured on relative TSR performance.
4. The value of each instrument on the date it lapses or is forfeited is calculated using the fair value of the instrument. Performance rights lapse where the applicable performance and service conditions are not satisfied.
5. The performance rights vest subject to performance and continued service over the applicable performance period. If performance rights do not vest at the end of the performance period, they are forfeited and lapse.

Table 6: All plans – Movements in equity holdings

All equity transactions with Sandhurst executives have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length other than shares issued under the Employee Share Ownership Plan and BEN Omnibus Equity Plan.

Performance rights are granted as equity compensation under the Employee Salary Sacrifice, Deferred Share and Performance Share Plan and BEN Omnibus Equity Plan ("Plans") to executive officers as long term incentives. The movements in participants' (including their related parties) equity holdings for FY2021 are below. The amounts are based on the estimated percentage of time allocated to the Company's business and operations but not prorated for length of time in role.

Executive	Equity Instrument	Number at start of year	Granted during the year	Vested or released	Lapsed or expired	Net change other	Number at end of year ^{1,2}
J Hoare	Ordinary shares	237	-	-	-	-	237
	Performance Rights	-	-	-	-	-	-
P Rohan	Ordinary shares	1,432	-	194	-	41	1,667
	Performance Rights	1,074	-	(194)	(361)	-	519

1. None of the equity holdings are held nominally.
2. None of the performance rights held at year end had vested and were exercisable.

Table 7: Sandhurst Executive employment agreements

The remuneration and other terms of employment for executives of Sandhurst are contained in contracts. The material terms of the contracts for the executives of Sandhurst at the date of this report are set out below.

Issue	Description	Applies to
What is the duration of the contracts?	On-going until notice is given by either party.	Head of Wealth Services / Head of Sandhurst Trustees
What notice must be provided by the executive officer to end the contract without cause?	4 weeks' notice.	Head of Wealth Services / Head of Sandhurst Trustees
What notice must be provided by the Bank to end the contract without cause?	4 weeks' notice or payment in lieu.	Head of Wealth Services / Head of Sandhurst Trustees
What payments must be made by the Bank for ending the contract without cause?	In the event of a redundancy, the terms of the Group's redundancy policy will apply	Head of Wealth Services / Head of Sandhurst Trustees
What are notice and payment requirements if the Bank ends the contract for cause?	Termination for cause does not require a notice period. Payment of pro-rata gross salary and benefits (including payment of accrued / unused leave entitlements) is required to date of termination.	Head of Wealth Services / Head of Sandhurst Trustees
Are there any post-employment restraints?	No.	Head of Wealth Services / Head of Sandhurst Trustees