

BOARD COMMITTEE PROCEDURAL RULES

1. Application

Sandhurst Trustees Limited (Sandhurst) has a number of roles that include the following:

- registrable superannuation (RSE) licensee
- responsible entity of a number of managed investment schemes
- corporate trustee
- charitable trusts
- issuer of commercial loans
- professional custodian services; and
- administration services.

Sandhurst is a wholly owned subsidiary of Bendigo and Adelaide Bank Limited (BEN) and is part of the Bendigo and Adelaide Bank Group (Group).

These procedural rules apply to the following board committees of Sandhurst:

- Audit Risk and Compliance Committee
- Investment Governance Committee

The BEN Governance and HR Committee, which Sandhurst uses as its remuneration committee, operates in accordance with the BEN board Committee Procedural Rules.

2. Composition

Each committee must be composed as follows.

- At least three members. In the case of the Audit Risk and Compliance Committee, all members must be non-executive directors.
- Chaired by a director. The chair of the board may be a member of each committee but must not be chair of the Audit Risk and Compliance Committee.
- At least one member on each of the Audit, Risk and Compliance Committee and Investment Governance Committee must meet a non-affiliated status taking guidance from SPG 510 Governance.
- Members who ordinarily reside in Australia.
- Members who have sufficient skills and experience to undertake their responsibilities.

Consideration will be given to cross-memberships between committees where appropriate.

3. Appointment and term

The composition of each committee is to be reviewed and determined on an annual basis. The composition may also be reviewed at other times at the discretion of the Board.

4. Chair

The Chair is selected by the Board at the same time as the members are appointed and for the same period as the appointment as a member, subject to the discretion of the Board.

5. Secretary & Minutes

The secretary for board committees is to be either the company secretary or a person nominated by the company secretary and agreed with the Chair of the board committee. The secretary will prepare draft minutes of each board committee meeting promptly after the meeting for review and

confirmation by the committee Chair. Wherever possible, Chair approved draft minutes will be submitted for approval by all members prior to the next meeting or provided to the next meeting for approval.

The minutes must be signed within a reasonable time after the meeting by either the Chair of the meeting or the Chair of the next meeting. The minutes must be provided to the next Board meeting.

6. Quorum

A quorum is the higher of the following:

- One-third of committee members, provided that the Chair composition requirement is met.
- Two members, provided that the Chair composition requirement is met.

7. Voting

Matters are to be decided by a majority of the votes of the members present and voting.

In the case of equality of votes, the Chair of the meeting does not have a casting vote in addition to the Chair's deliberative vote and the matter is to be referred to the Board for decision.¹

8. Meetings and notices

The committees shall meet in accordance with the annual meeting calendar approved by the board, or more frequently if necessary. In addition, the chair must call a meeting of the committee on request by any member of the committee.

The secretary is responsible for advising the dates, times and venues for meetings to members, and distributing papers within a reasonable period before the meetings.

The Committees may meet in person or by using any of the following:

- a) Video
- b) Telephone
- c) Electronic mail
- d) Any other technology which permits each member to communicate with every other member;
or
- e) Any combination of these technologies.

Members need not all be physically present in the same place for a meeting and members who participate in a meeting held in accordance with any of the above means is entitled to vote at the meeting.

9. Circulating resolutions

A circulating resolution requires the approval of all members. The resolution may consist of several documents in the same form signed by one or more of the committee members. An email or other document produced by mechanical or electronic means under the name of a committee member, with the committee member's authority, is considered to be a document in writing signed by the committee member.

¹ Constitution clause 29(b): Directors' Voting Rights and Exercise of Powers [of the Board] states that "In the case of an equality of votes the Chair of the meeting has a casting vote in addition to the Chair's deliberative vote."

10. Attendees and access to information

A committee is authorised to seek any information it reasonably requires from any Group employee or from any other source. It is entitled to meet with employees and third parties without the presence of management.

A committee may, by invitation, request employees and third parties to attend committee meetings on a standing or ad hoc basis.

The Audit Risk and Compliance Committee must have free and unfettered access to senior management, the internal audit function, risk management functions and any appointed external auditors, and vice versa.

The Head of Group Assurance or a nominated delegate and the RSE Auditor have a standing invitation to attend all meetings of the Audit Risk and Compliance Committee.

The Head of Group Assurance, Head of Group Operational Risk and Head of Regulatory Compliance have a direct reporting line to the Audit Risk and Compliance Committee in respect of the RSE Licensee audit program and risk management and compliance frameworks.

Any of senior management, the Head of Group Assurance, an appointed external auditor, the Plan or company accountant, and the Head of Group Operational Risk and Head of Regulatory Compliance may request to meet with the Audit Risk and Compliance Committee.

Committee members must be available to meet with APRA and other regulators, the external and internal auditors.

11. Professional advisers and experts

A committee may consult a professional adviser or expert if the committee considers it necessary to carry out its duties and responsibilities. Unless the committee considers it inconsistent with its duties, engagement of the professional adviser or expert is to be coordinated through the executive/s of Sandhurst or the Office of Superannuation Trustee (OST).

The costs and expenses of any professional advice or assistance will be paid by Sandhurst, unless they specifically relate to a particular product or service (for example, a managed investment scheme, RSE, trust under administration), in which case they will be paid out of the assets held within that product or service, if permitted by the relevant rules (for example, constitution, trust deed).

12. Reliance

A committee member is entitled to rely on information, or professional or expert advice given or prepared by an employee whom the member believes on reasonable grounds to be reliable and competent in relation to matters concerned or a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence provided both the following requirements are met:

- a) The reliance was made in good faith.
- b) The reliance was made after making an independent assessment of the information or advice, having regard to the members' knowledge of Bendigo Super and the complexity, structure and operations of Sandhurst.

13. Directions to management

The chair of the committee is responsible for making sure that matters arising that require the commitment of funds or the commitment of management or external resources are coordinated through an executive director of Sandhurst or the Head of Sandhurst.

However, this does not limit the right of the committee to obtain information from employees or third parties without the presence of management (see 10 above) to engage professional advisers and experts (see 11 above).

14. Duties

Before appointment each member, who is not a director of Sandhurst, is to be instructed that the following provision applies to the member.

- a) The provisions in Chapter 2D of the Corporations Act that apply to members as if the member were a director.

Note: The obligations imposed by Chapter 2D include the following:

- Act honestly.
- Care and diligence.
- Good faith and purpose.
- Not to make improper use of position or information.
- Compliance with legislation and AFSL.
- Material personal interest restrictions.

Under section 190 of the Corporations Act, if a director who delegates (i) believes on reasonable grounds that a delegate would exercise powers in conformity with the duties imposed by directors by the Corporations Act and constitution (if any) and (ii) the director believed on reasonable grounds, and in good faith, and after making proper inquiry if the circumstance indicated the need for inquiry that the delegate was reliable and competent in relation to the power delegated, the director is not responsible for the exercise of power by the delegate.

- b) The director duties imposed by section 52A(2) of the SIS Act apply to members (to the extent the committee is performing superannuation related functions) of the committee as if the member were a director.

Note: The obligations imposed by section 52A(2) include, but not limited to the following.

- to act honestly in all matters concerning the entity;
- to exercise, in relation to all matters affecting the entity, the same degree of care, skill and diligence as a prudent superannuation entity director would exercise in relation to an entity, where he or she is a director of the trustee of the entity, and that trustee makes investments on behalf of the entity's beneficiaries;
- to perform the director's duties and exercise the director's powers as director of the corporate trustee in the best interests of the beneficiaries;
- where there is a conflict between the duties of the director to the beneficiaries, or the interests of the beneficiaries, and the duties of the director to any other person or the interests of the director, the corporate trustee or an associate of the director or corporate trustee:
 - to give priority to the duties to and interests of the beneficiaries over the duties to and interests of other persons; and
 - to ensure that the duties to the beneficiaries are met despite the conflict; and
 - to ensure that the interests of the beneficiaries are not adversely affected by the conflict; and
 - to comply with the prudential standards in relation to conflicts.

Note: These obligations of the director override any conflicting obligations the director has under Part 2D.1 of the Corporations Act 2001; or Subdivision A or Division 3 or Part 2-2 of the Public Governance, Performance and Accountability Act 2013.

- not to enter into any contract, or do anything else, that would:
 - prevent the director from, or hinder the director in, properly performing or exercising the director's functions and powers as director of the corporate trustee; or
 - prevent the corporate trustee from, or hinder the corporate trustee in, properly performing or exercising the corporate trustee's functions and powers as trustee of the entity;
- to exercise a reasonable degree of care and diligence for the purposes of ensuring that the corporate trustee carries out the covenants referred to in section 52 of the SIS Act.

In addition, under section 54B of the SIS Act, trustees and directors are now liable for both civil and criminal consequences for any breaches of duties under sections 52 and 52A of the SIS Act.

15. Conflicts of interest

Each committee member is required to disclose, to the committee promptly, the holding of any office or the possession of property in respect of which the member has, or may have, an interest or duty that may create (directly or indirectly) a conflict with the member's duties as a member of the committee. The disclosure must include full details of the nature, character and extent of the conflict or potential conflict and be made as soon as the member becomes aware of the conflict or potential conflict.

Upon a committee member disclosing a conflict that is considered material by the Board, that committee member will be excluded from discussions and voting on the matter presented to the committee.

In accordance with the Group Anti-bribery and Corruption policy, where a committee member is a Politically Exposed Person (PEP), or a public official, or has a relationship with a PEP or public official or holds a role outside of the organisation that deems them to be a PEP or public official, it must be disclosed.

16. Review of rules, charter and performance

Each committee is to provide a biennial report to the Board dealing with each of the following.

- The performance of the committee against the requirements of its charter.
- The goals and objectives of the committee for the next assessment period.
- Any changes to charter to make sure it remains consistent with the committee's purpose and responsibilities.

Document Approval

Name & Version	Board Approval Date	Next Review Date
Board committee procedural rules v4	26 November 2014	June 2015
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