

SANDHURST TRUSTEES LIMITED
BOARD GOVERNANCE POLICY

OVERVIEW

Sandhurst Trustees Limited (Sandhurst) has a number of roles, including being a registrable superannuation (RSE) licensee. APRA's prudential standard *SPS 510 Governance* sets out the minimum requirements for good governance of an RSE licensee. The ultimate responsibility for the sound and prudent management of Sandhurst, in its role as an RSE licensee, rests with its board.

This document covers the following key requirements of SPS 510:

- Board renewal policy for Sandhurst;
- Board assessment procedures for Sandhurst;
- a board remuneration committee for Sandhurst; and
- a remuneration policy for Sandhurst that aligns remuneration and risk management.

Sandhurst is a wholly-owned subsidiary of Bendigo and Adelaide Bank Limited. In accordance with Bendigo and Adelaide Bank Board Policy, the Bendigo and Adelaide Bank Board must approve appointments to APRA regulated subsidiary boards.

A. BOARD COMPOSITION AND APPOINTMENT

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| 1. Policy | This policy ensures that the directors and senior management of Sandhurst: <ul style="list-style-type: none">▪ collectively have the necessary skills, knowledge and experience to understand the risks of Sandhurst's business operations, including its legal and prudential obligations; and▪ individually have the skills that allow them to make an effective contribution to the Sandhurst board deliberations and decisions. |
| 2. Assessment | Taking into account the nature of the specialised business activities of Sandhurst, an assessment is to be made of each of the following. <ul style="list-style-type: none">▪ The collective skills, knowledge, experience and attributes of the directors required to deliver the business strategy and priorities of Sandhurst;▪ The skills, knowledge, experience and attributes of current directors; and▪ Any skills, knowledge, experience and attributes that are not adequately represented by current directors. The Sandhurst board also takes into account the benefits of diversity in its composition (refer also section 2.3). |
| 2.1 Skills, knowledge and experience | The skills, knowledge and experience considered necessary for the position of director of Sandhurst include the following. <p>Financial Services Industry</p> <ul style="list-style-type: none">- Retail and Distribution- Capital management including capital and financial markets and treasury- Governance and Regulation eg Prudential <p>Wealth Management Industry</p> <ul style="list-style-type: none">- Managed Investment Schemes- Superannuation- Trustee Services- Custodial Services <p>Broader Wealth Industry</p> <ul style="list-style-type: none">- Financial Planning- Life Insurance |

	<p>Risk Management and Compliance Systems</p> <p>Financial Accounting</p> <p>Audit practices</p> <p>Business experience</p> <p>CEO experience</p> <p>Public company / board governance experience</p> <p>IT Knowledge and experience</p> <ul style="list-style-type: none"> - IT Governance - System Integration - Project / Program Management Oversight <p>Customer Requirements</p> <ul style="list-style-type: none"> - Customer expectations - Customer experience - Digital customer expectation and experience
2.2 Attributes	<p>The attributes required for the appointment as a Sandhurst director include the following:</p> <ul style="list-style-type: none"> ▪ Sound business judgment; ▪ Strategic view; ▪ Integrity; ▪ Listening skills; ▪ Good communicator; ▪ Preparedness to question, challenge and critique; ▪ Ability to operate in a team; ▪ Fitness and propriety; and ▪ Leadership qualities. <p>It is expected that all directors will demonstrate these attributes.</p>
2.3 Diversity	<p>The Bendigo and Adelaide Bank Group's diversity framework and policy is taken into account in making board appointments. At a board level it is recognised that the different perspectives that diversity brings will promote better decision-making and more effective board performance.</p>
3. Selection criteria	<p>Draft selection criteria are to be developed for potential board candidates, having regard to the above assessment, skills knowledge and experience and attributes to enable regulatory requirements for each of Sandhurst's business activities to be met.</p>
4. Search process	<p>The Bendigo and Adelaide Bank Board may generate a list of candidates or use the services of an executive search firm to develop a list. An executive search firm may also be used to identify and assess the appropriateness of candidates.</p>
5. Selection process	<p>Candidates are to be assessed against the selection criteria, their availability to commit sufficient time to the role of director and taking into account the nature of Sandhurst's business, and the skills, expertise and experience required by the Sandhurst board. An order of preference is to be agreed.</p> <p>The Sandhurst Chairman and the Managing Director of Bendigo and Adelaide Bank are to consult and agree on the selected candidate (or candidates) for director positions. The nominated candidate(s) are then referred to the Bendigo and Adelaide Bank board for consideration. The Bendigo and Adelaide Bank board's decision will then be communicated to the Sandhurst chairman. Any disputes will be escalated to the Bendigo and Adelaide Bank board for decision.</p>

6. Appointment

The Bendigo and Adelaide Bank Board is responsible for the appointment of directors to the board of APRA regulated subsidiaries.

In accordance with Sandhurst's constitution, Bendigo and Adelaide Bank may appoint any person to be a director to fill a casual vacancy or as an addition to the existing directors and remove a director from office.

The appointment or removal must be in writing and will take effect immediately on delivery of the instrument of appointment or removal to Sandhurst.

The agreed candidate is to be formally appointed by the board of Sandhurst at its next meeting.

Appointments will be for 10 years terms, subject to annual performance reviews. An assessment and decision to reappoint a director for a further term, will consider the director's tenure, performance and any special circumstances. The assessment will also consider the current skills, knowledge, experience, diversity and attributes of the board.

B. BOARD – Independence**7. Independence**

Sandhurst is the RSE licensee of a public offer superannuation fund but is not an employer sponsor of the fund. Therefore, Sandhurst is not required to comply with the basic equal representation rules under the Superannuation Industry (Supervision) Act 1993 which impose independence requirements for board composition.

Sandhurst does however, consider the benefits of appointing one or more directors who are free from any related business or other association with Sandhurst, to assist in promoting independent judgment by the board.

C. RENEWAL**8. Board review and renewal**

The Sandhurst board will conduct a regular review of the skills, knowledge and experience on its board. The board composition, director tenure and renewal are considered on an annual basis, to ensure a progressive and orderly renewal of board membership.

9. Tenure

Directors are appointed for a 10 year term, to make sure that each director is in a position to be able to make a significant contribution to Sandhurst, having regard to the expected increase in contribution over the years as the director develops expertise and knowledge of Sandhurst. It is also expected that directors consider a transitional approach to retiring from the board, to avoid large groups of directors retiring together.

Maximum director tenure is set at 20 years, however Sandhurst may deviate from this limit in special circumstances, such as where a particular value or benefit is recognised.

Sandhurst Board members should have a mix of tenure for ongoing renewal and to avoid a number of directors retiring at the same time. The Board takes the view that having regard to the complexities of the financial services, superannuation and banking industry, the development of expertise and knowledge of the industry and specifically of the Group takes time.

It also acknowledges that, given the long-term strategy to build a sustainable business, corporate memory is important and there is a benefit in Board continuity across economic cycles.

It is also acknowledged that all stakeholders of the entity may be well served by having a mix of directors, some with longer tenure with a deep understanding of the entity and its business and some with a shorter term tenure with fresh ideas and perspective. It is also recognised that the Chair of the board will frequently fall into the former category rather than the latter.

D. PERFORMANCE ASSESSMENT PROCEDURES – Board as a whole, directors and committees

- 10. Board - annual assessment** The Sandhurst board charter provides for an annual performance assessment of its board and individual directors. The performance assessment will be based on targeted questionnaires and involve consideration of performance against the responsibilities set out in the board charter as well as goals and objectives previously set by the Board.
- The Board conducts an annual assessment of the performance of the Board, led by the Chair, and of the Chair, led by a non-executive director nominated by the Board.
- The Chair, on behalf of the Board, conducts reviews with each director for individual director performance reviews and provides feedback on individual performance.
- An external consultant may be engaged, and as a guide be engaged every three years. The external consultant leads the reviews and provides feedback to individual directors on individual director performance, to the Chair on individual director performance and Chair performance, and to the Board on Board performance and Chair performance. This is to include a written report summarising the results, issues for discussion and recommendations for continuous improvement initiatives for consideration by the Board.
- Areas for continuous improvement identified through an internal or external review and agreed by the Board are to be documented and taken forward for action as agreed, with progress tracked through Secretariat reports.
- The outcomes of the annual performance assessment for the Sandhurst Board will be reported by the Company Secretary to the Bendigo and Adelaide Bank board, through its Board Governance & HR Committee.

- 11. Committees** The chair of each committee discusses committee performance with the members of the committee. The committee chair reports the results to the board. The results of the report are discussed by the board, including changes suggested for improvement, to be taken forward for action if agreed.

E. REMUNERATION – Non-executive directors (NEDs)

- 12. Policy** The NED remuneration arrangements are designed:
- To attract and retain appropriately qualified and experienced directors.
 - To remunerate directors fairly having regard to their responsibilities, including providing leadership and guidance to management.
- 13. Components**
- The Bendigo and Adelaide Bank HR & Governance board committee recommends the annual fee payments to NEDs of Sandhurst.
 - NEDs of Sandhurst receive a base fee which is reviewed annually as part of the Bendigo and Adelaide Bank board annual fee review process. The annual review is completed with reference to survey data and peer analysis. The annual base fee paid to the Sandhurst chair recognises the additional time commitment required.
 - NEDs of Sandhurst do not receive additional fees for committee memberships.

F. REMUNERATION – Other employees

- 14. Remuneration Policy** Remuneration for all other designated Sandhurst personnel is covered by the Bendigo and Adelaide Bank Group Remuneration Policy.

Name & Version	Board Approval	Next Review Date
Sandhurst Trustees Limited Board Governance Policy	28 June 2013	June 2014
Sandhurst Trustees Limited Board Governance Policy	3 July 2014	July 2015
Sandhurst Trustees Limited Board Governance Policy	28 August 2015	July 2016
Sandhurst Trustees Limited Board Governance Policy	23 June 2017	July 2019
Sandhurst Trustees Limited Board Governance Policy	23 September 2019	July 2021