

BOARD GOVERNANCE POLICY

1. PURPOSE

This policy outlines the director selection, appointment, and removal process to ensure the board collectively has 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. BOARD COMPOSITION & APPOINTMENT

2.1 Composition

The constitution of Sandhurst provides that the number of directors must not be less than the minimum number required by the Corporations Act. As a public company, the Board must have at least three directors, two of which must ordinarily reside in Australia.

The Board must be comprised of at least three non-executive directors, including the Chair. The composition of Board committees is detailed in the respective Board Committee Charters.

2.2 Assessment

Taking into account the nature of the specialised business activities of Sandhurst, an assessment is to be made of each of the following.

- a) The collective skills, knowledge, experience and attributes of the directors required to deliver the business strategy and priorities of Sandhurst;
- b) The skills, knowledge, experience and attributes of current directors;
- c) Any skills, knowledge, experience and attributes that are not adequately represented by current directors.
- d) The fitness and propriety¹ and any political exposures² of an appointed director; and
- e) The independence of an appointed director (refer also section 3).

The benefits of diversity are also taken into account in forming the composition of the Board (refer also section 2.5).

2.3 Skills, knowledge, and experience

The skills, knowledge and experience considered necessary for the position of director of Sandhurst include the following.

¹ Fit and proper assessments are conducted in accordance with the Group Responsible Persons Policy

² In accordance with the Group Anti-bribery and Corruption policy, where a director 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.

Skills, knowledge, and experience	Description
Executive leadership	Successful career as a senior executive or CEO
Business strategy and outsourcing	Experience in the development of business strategy and oversight of implementation
Financial reporting and audit	Ability to understand financial statements and to assess the adequacy of financial controls
Risk management and compliance	Ability to understand risk culture, the risk management strategy and framework, and monitor the effectiveness of controls
Corporate governance	Knowledge and experience in matrix ³ governance structures and a commitment to high standards of corporate governance
Technology and innovation	Experience in information technology systems, digital channels and cyber security and privacy or experience in technology governance
People and workplace health and safety	Experience in overseeing and assessing senior management, workplace health and safety and strategic people management
Public and Regulatory policy	Experience in public and regulatory policy
Banking & Financial Services Industry	Relevant experience in significant components of the banking and financial services industry such as retail banking and distribution, capital and financial markets, treasury, governance, and prudential regulation.
Wealth management	Knowledge of investment strategy, funds management, asset allocation, ESG principles and investment risk, systems and monitoring processes.
Customers	Experience in overseeing and assessing members outcomes and understanding customer expectations and needs.
Specialist knowledge and expertise	Experience amongst the Board in areas including specialist financial services such as commercial lending, product design, charitable trusts, corporate trustee and professional custodial services, marketing, e-commerce and social media.

2.4 Attributes

All directors are expected to demonstrate the following attributes:

- a) Sound ethics, integrity and values
- b) Trust and respect
- c) Emotional intelligence
- d) Listening and communication skills
- e) Preparedness to question, challenge and critique
- f) Willingness to undertake ambassador activities
- g) Critical thinking
- h) Ability to operate in a team
- i) Leadership skills
- j) Learning and humility

³ Matrix organisation – multiple reporting lines and multiple governance stakeholders for staff to operate within across the Group and Subsidiary level

2.5 Diversity

The 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.

2.6 Selection criteria

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.

2.7 Search process

The BEN 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. The Sandhurst Board provide their input into the search process drawing on their experience and knowledge of the business.

2.8 Selection process

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.

The Sandhurst Chair and the Group Managing Director are to consult and agree on the selected candidate (or candidates) for director positions. The nominated candidate(s) are then referred to the BEN board for consideration. The BEN board's decision will then be communicated to the Sandhurst Chair. Any disputes will be escalated to the BEN board for decision.

2.9 Appointment

The BEN Board is responsible for the appointment of directors to the Sandhurst board.

In accordance with Sandhurst's constitution, BEN 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 delivered to the registered office of Sandhurst for the attention of the Company Secretary. It will take effect on the date specified in the instrument of appointment or removal.

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

Appointments will be for a 10 year term, 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. Appointments of further terms may be for a period less than the first term. The assessment will also consider the current skills, knowledge, experience, diversity and attributes of the board.

3. INDEPENDENCE

Sandhurst acknowledges 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. In considering independence, regard will be given to relevant legislation, regulation guidance and industry practice.

At the commencement of each Board meeting all directors in attendance must routinely declare any conflicts of interest.

4. BOARD RENEWAL

4.1. 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. The BEN Board must approve any appointment renewals.

4.2. 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, 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.

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, funds management 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. 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.

5. PERFORMANCE ASSESSMENT PROCEDURES

5.1. Board - annual assessment

The Board will perform 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 its 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 via the Chair to the BEN board, through the BEN People, Culture and Transformation Committee.

5.2. 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.

On a biennial basis, each committee is to undertake a performance assessment against its goals and objectives and present a report to the Board.

6. REMUNERATION – Non-executive directors (NEDs)

6.1. Policy

The NED remuneration arrangements are designed:

- a) To attract and retain appropriately qualified and experienced directors.
- b) To remunerate directors fairly having regard to their responsibilities, including providing leadership and guidance to management.

6.2. Components

The BEN People, Culture and Transformation Committee recommends the annual fee payments to NEDs of Sandhurst.

- a) NEDs of Sandhurst receive a 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.
- b) NEDs of Sandhurst do not receive additional fees for committee memberships.

7. REMUNERATION – Other employees

7.1. Remuneration Policy

Remuneration for all other designated Sandhurst personnel is covered by the Group Remuneration Policy.

Notes

See also:

- *Board and Committee Meeting Protocols and Meeting Paper guidelines*

Document Approval

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
Sandhurst Trustees Limited Board Governance Policy	14 September 2021	July 2023
Sandhurst Trustees Limited Board Governance Policy	22 August 2022	August 2024