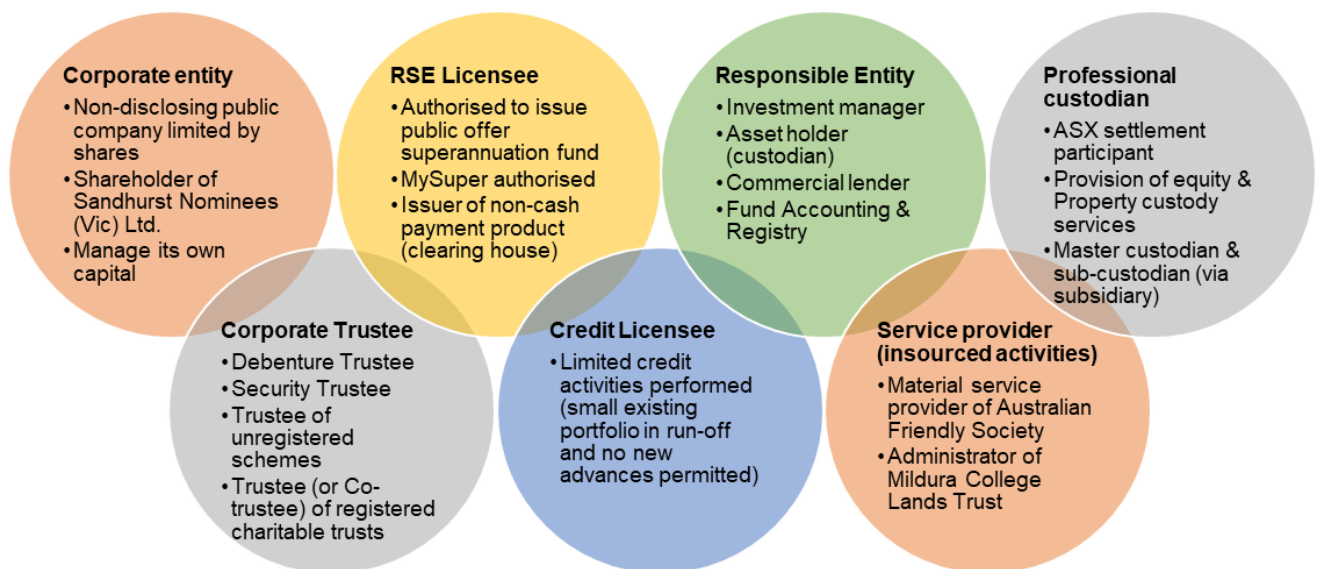


Summary of Sandhurst Management of Conflicts of Interest and Related Party Transactions Policy

1. Introduction

1.1 Background

Sandhurst Trustees Limited (Sandhurst) is a modern full-service wealth manager which provides financial products and services to both retail and wholesale clients. In providing these products and services Sandhurst performs a number of different roles and consequently owes different duties to different groups and to its shareholder. Collectively these client groups may be referred to as 'beneficiaries' in this policy.



Sandhurst is a subsidiary of Bendigo and Adelaide Bank Limited (the Bank) and is part of the Bendigo and Adelaide Bank Group (the Group) which comprises the Bank and its related entities.

While the Sandhurst Board is ultimately responsible for ensuring it has an adequate conflicts management framework that complies with its legal obligations, it is able to make use of Group policies which give appropriate regard to Sandhurst's activities and specific requirements. The purpose of this document is to set out Sandhurst's structure, policies, processes and controls to comply with prescribed APRA and ASIC conflict management requirements, where the Group's Conflicts of Interest Policy does not cover these requirements.

Sandhurst holds a Registrable Superannuation Entity (RSE) Licence regulated by APRA and must comply with APRA Prudential Standard SPS 521 Conflicts of Interest (SPS 521).

Sandhurst also holds an Australian Financial Services Licence (AFSL) authorising it to act as a responsible entity and professional custodian. These activities are regulated by ASIC and must comply with specific Corporations Act 2001 requirements including meeting ASIC Regulatory Guide 76 Related Party Transactions and ASIC Regulatory Guide 133 Managed investments and custodial or depository services: Holding assets.

This document is a key document in Sandhurst's Conflicts Management Framework, and it applies to responsible persons of Sandhurst and staff employed by the Bank who perform Sandhurst activities.

1.2 Definitions

For the purposes of this policy:

- a '**relevant duty**' refers to any duty owed by Sandhurst, or a responsible person of Sandhurst, to beneficiaries or to any other person; and
- a '**relevant interest**' of Sandhurst, an associate of Sandhurst or a responsible person of Sandhurst refers to any interest, gift, emolument or benefit, whether pecuniary or non-pecuniary, directly or indirectly held by Sandhurst, the associate or the responsible person that Sandhurst has determined to be relevant; and
- a reference to a '**conflict**' is a reference to a conflict:
 - between the duties owed by Sandhurst, or a responsible person of Sandhurst to beneficiaries and the duties owed by them to any other person;

- between the interests of beneficiaries and the duties owed by Sandhurst or a responsible person of Sandhurst, to any other person;
- between an interest of Sandhurst, an associate of Sandhurst or a responsible person or an employee of Sandhurst, and Sandhurst's duties to beneficiaries; and
- between an interest of Sandhurst, an associate of Sandhurst, or a responsible person or an employee of Sandhurst, and the interests of beneficiaries.

2. Identification of conflicts

The identification of relevant duties and interests provides a means to identify perceived or apparent, potential and actual conflicts. Sandhurst undertakes a regular structured approach to identifying duties, interests, and potential and actual conflicts. All perceived or apparent, potential or actual conflicts that are identified will be managed in accordance with this Policy or the Group Conflicts of Interest policy

Sandhurst's relevant duties and interests are detailed in the Sandhurst Register of Relevant Duties and Interests. All duties owed by Sandhurst in its various roles are considered to be 'relevant' duties. Interests will only be deemed 'relevant', if they are reasonably considered to have the potential to significantly impact Sandhurst's ability to fulfil its relevant duties. Relevant duties are identified by role and can in some circumstances conflict with the interests of Sandhurst as a business to maximise its profits and grow funds under administration (market share).

Responsible persons' relevant duties and interests are detailed in the Register of Relevant Personal Duties and Personal Interests of Sandhurst Officers. All duties and material personal interests of responsible persons are recorded and are subsequently assessed by the Company Secretary as being relevant or not. Duties and Interests will only be deemed 'relevant', if they are reasonably considered to have the potential to influence the responsible person's vote and/or decision in respect of Sandhurst's role as an RSE Licensee.

It is the responsibility of each responsible person to determine and disclose their material personal interests. This determination should be based on the responsible person's own personal circumstances.

In applying the relevant tests identified above, the following factors will be considered:

- the dollar value of the conflict (if able to be quantified); and
- the nature of the duty or interest, including whether it is a one-off occurrence or whether it has an ongoing, recurring or cumulative nature;

The following processes are in place to identify conflicts of interest:



The following types of conflicts are acknowledged and managed:

- conflicts between Sandhurst and other members of the Group (i.e. related parties);
- conflicts within Sandhurst in its different capacities;
- conflicts between the duties owed to different customers;
- conflicts between Sandhurst and an associate of Sandhurst; and
- personal conflicts.

Personal conflicts and the arrangements in place to manage personal conflicts of interest are dealt with in the Group Conflicts of Interest Policy. The Group's policy is designed to ensure that a staff member's interests outside of the Group do not prejudice or improperly influence judgement or performance of the staff member's professional duties and obligations. For example, to ensure custodial staff are not inappropriately influenced, because of conflict of interest, by a third party such as an external responsible entity client.

3. Assessment of conflicts

Once a conflict has been identified, a determination is made as to whether the conflict should be avoided or whether it can be effectively managed.

If an identified conflict is not prohibited by law or policy, a detailed assessment is conducted to determine if it can be effectively managed (refer Section 4 below). If the conflict cannot be effectively managed, it should be avoided. Accordingly, Sandhurst will take steps to avoid conflicts of interest where;

- The conflict has been assessed as so acute or pervasive that the conflict cannot be managed; or
- Where general law or internal policy requires that it be avoided.

Sandhurst's procedures set out instances where certain conflicts must be avoided such as where responsible persons have a duty not to make improper use of their position, not to make improper use of information and to disclose a material personal interest.

4. Management of conflicts

The Sandhurst Board is ultimately responsible for the management of conflicts within Sandhurst.

Sandhurst will avoid conflicts where possible, however, conflicts that can be effectively managed will be managed through approved mechanisms. This may include making public disclosures and segregating organisational structures (by duties and by activities). The approved management mechanisms are set out below.

• Disclosure

Disclosure may be through a product disclosure statement (PDS), statutory reporting (annual reports), publically available information (website) or financial services guide (FSG).

• Maintenance of a Register of Relevant Interests and Duties

The Sandhurst Register of Relevant Interests and Duties sets out the duties and interests that apply to Sandhurst.

• Maintenance of Management of Conflicts Procedures

Management procedures have been developed, which set out the procedures that the business must follow in order to manage each identified conflict scenario.

Where a conflict arises, the business is required to follow the approved management procedure. The procedures set out the appropriate action to take in the event a conflict arises including the ongoing evaluation of the management of the conflict, any escalation or any alternative action required. The procedures also set out monitoring and recording obligations.

4.1 Sandhurst Audit, Risk and Compliance Committee (ARC Committee)

Where no management procedure exists, or a new conflict is identified, Sandhurst Management must prepare a proposal and recommendation to the ARC Committee as to how the conflict should be managed. The ARC Committee will convene and if it agrees with management's recommendation, the activity will be approved. If the ARC Committee disagrees with the recommendation, it is escalated to the Board for review and decision. The escalation should detail the ARC Committee's concerns and any remedial action or modification taken to address these concerns.

Where required, the Sandhurst Management of Conflicts Register will be updated to include details of the new conflict scenario and the new management procedures.

The ARC Committee will also consider any changes to existing management procedures established for conflicts noted in the register.

5. Training and Awareness

Sandhurst aims to achieve a strong conflicts management culture, as part of its risk and compliance culture, where each staff member owns risk management and compliance, and immediately identifies, reports and addresses any potential conflicts, breaches, risks, and risk events. Failure to report is, and will continue to be, treated very seriously.

6. Recording and Monitoring

The following diagram outlines the registers and register owners across the Group required to record potential and actual conflicts of interest.



The following process are in place to monitor compliance with this Policy:

- Quarterly compliance plan survey responses are received from Sandhurst business units to monitor compliance with this policy. Any exceptions reported or identified are investigated, rectified and events are recorded on the Sandhurst risk event register. The risk event register is provided to the Sandhurst Audit, Risk and Compliance Committee. Non-compliance with this policy is treated seriously and may result in disciplinary action including termination of employment.
- An annual report is prepared by Sandhurst Management on the operation of the management procedures set out in the Sandhurst Management of Conflicts Register, and compliance with the procedures. This report is provided to the ARC Committee.

7. Policy approval

Sandhurst's management of conflicts of interest and related party transactions policy and any changes to it are approved by the Sandhurst Board.

All Board members, committee members and Sandhurst Management are responsible for considering conflicts on an ongoing basis. This includes identifying if a conflict arises in relation to a proposed decision or activity and making sure it is managed as set out in the policy.

8. Review

Sandhurst's conflicts management framework is the totality of systems, structures, policies, processes and controls that identify, assess, mitigate, manage and monitor all conflicts, and includes this policy and the attachments.

Sandhurst reviews its conflicts management framework on an annual basis. In addition, Sandhurst ensures that the appropriateness, effectiveness and adequacy of its conflicts management framework is subject to a comprehensive review by its internal audit function at least every three years.