

# Policy

## Board Policy

### Governance Schedule

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Bendigo and Adelaide Bank and Sandhurst Trustees Limited acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of this nation and the Traditional Custodians of the land where we live, learn and work. We pay our respects to Elders past and present as it is their knowledge and experience that holds the key to the success of future generations.

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# Overview

## Purpose

The Board is ultimately responsible for the establishment, implementation and oversight of the identified governance policies and frameworks that comprise Sandhurst's Governance Framework (Appendix A).

This document sets out the Board policy in relation to the following matters.

- a) Board composition and skills;
- b) Board appointment and re-election;
- c) Director independence;
- d) Board renewal and tenure;
- e) Board performance assessment; and
- f) Non-Executive Director remuneration

## Application

This policy applies to the Board and Board Committees of Sandhurst.

## Definitions

<b>BEN</b>	Bendigo and Adelaide Bank Limited
<b>Board</b>	The Board of Sandhurst Trustees Limited
<b>Chair</b>	The Chair of the Board
<b>Committee</b>	A Committee of the Board
<b>Director</b>	A Director of Sandhurst Trustees Limited
<b>Group CEO</b>	Group Chief Executive Officer
<b>Constitution</b>	The Constitution of Sandhurst Trustees Limited
<b>ESG</b>	Environmental, Social and Governance
<b>Group</b>	Bendigo and Adelaide Bank Limited and its controlled entities
<b>GIA</b>	Group Internal Audit
<b>GOR</b>	Group Operational Risk
<b>GRC</b>	Group Regulatory Compliance
<b>NED</b>	Non-executive Director
<b>PCC</b>	The BEN People and Culture Committee
<b>P&amp;C</b>	People and Culture
<b>Sandhurst</b>	Sandhurst Trustees Limited

# Supporting Documents

Related documents which should be read in conjunction with this policy include:

- [Board Charter](#)
- [Board Committee Charters](#)
- [Board and Committee Meeting Protocols and Meeting Paper Guidelines](#)
- [Sandhurst Conflicts Management Framework](#)
- [Group Fit and Proper Policy](#)
- [Group Diversity and Inclusion Policy](#)
- [Group Board Delegations Policy](#)
- [Constitution of Sandhurst Trustees Limited](#)
- [Sandhurst Risk Management Framework](#)

## Review

This Policy is to be reviewed every two years, unless required by legislative, industry or market developments.

## Document Control Table

Version No:	Document owner	Date Approved	Approved By	Next Review	Purpose or Change
1.1	Corporate Secretariat	June 2013	Board	2014	
1.2	Corporate Secretariat	July 2014	Board	2015	
1.3	Corporate Secretariat	August 2015	Board	2016	
1.4	Corporate Secretariat	June 2017	Board	2019	
1.5	Corporate Secretariat	September 2019	Board	2021	
1.6	Corporate Secretariat	September 2021	Board	2023	
1.7	Corporate Secretariat	August 2022	Board	2024	
1.8	Corporate Secretariat	October 2024	Board	2026	Updated name and new policy template

# Policy

## 1 Board Composition and Appointment

### 1.1 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.

### 1.2 Assessment

This policy provides the criteria to appoint Directors with the appropriate skills, knowledge, experience and attributes to contribute to the effectiveness of the Board and to provide leadership and contribute to the success of Sandhurst, having regard to:

- 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 propriety<sup>1</sup> and any political exposures<sup>2</sup> of an appointed Director; and
- e) The independence of an appointed Director (refer also section 3).

### 1.3 Skills, knowledge, and experience

The skills, knowledge and experience considered necessary for the position of Director of Sandhurst is outlined in the Board Skills Matrix of Appendix B.

### 1.4 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

<sup>1</sup> Fit and proper assessments are conducted in accordance with the Group Fit and Proper Policy

<sup>2</sup> 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.

## 1.5 Diversity

The Group's Diversity and Inclusion Policy is taken into account in making Board appointments. At a Board level, it is recognised the different perspectives that diversity brings will promote better decision-making and more effective Board performance.

## 1.6 Selection criteria

Draft selection criteria are to be developed for potential Board candidates, having regard to the above assessment, skills knowledge, experience, and attributes to enable regulatory requirements for each of Sandhurst's business activities to be met.

## 1.7 Search process

The Group People and Culture Committee has carriage of the search process and may propose to the BEN Board, 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 Board provide their input into the search process drawing on their experience and knowledge of the business.

## 1.8 Selection process

Candidates are to be assessed against the selection criteria in 1.6, and their availability to commit sufficient time to the role of Director.

The Chair and the Group CEO 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 Chair. Any disputes will be escalated to the BEN Board for decision.

## 1.9 Appointment and removal

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

In accordance with Sandhurst's constitution, the BEN Board may:

- a) appoint any person to be a Director to fill a casual vacancy or as an addition to the existing Directors
- b) remove a Director from office.

The appointment or removal must be in writing and delivered to the registered office of Sandhurst. 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 at its next meeting.

## 1.10 Appointment of Chair

In accordance with the Group Board Delegations Policy (clause 1.8e), the Group CEO is authorised for the appointment and removal of the Chair of Sandhurst.

## 2 Director Independence

### 2.1 Assessment

An independent director is a Non-Executive Director who is free from any interest, position, or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring independent judgment to bear on issues before the Board.

At the commencement of each Board meeting all Directors in attendance must routinely declare any conflicts of interest. All Sandhurst directors are expected to bring independent and unfettered judgement to Board deliberations.

### 2.2 Timing of Assessment

Independence is to be assessed:

- a) before appointment;
- b) annually; and
- c) whenever an Non-Executive Director's circumstances change in a manner that may affect their status as an independent director.

### 2.3 Materiality

The Board will consider thresholds of materiality in determining the independence of directors on a case-by-case basis, having regard to quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board adopts the following guidelines:

- a) The Board will determine the appropriate base to apply (e.g. Revenue, equity or expenses), in the context of each situation.
- b) The Board will generally consider an affiliation with the business that accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence; excess of the threshold will be reviewed by the Board.
- c) Overriding the quantitative assessment is a qualitative assessment.

## 3 Board Renewal and Tenure

### 3.1 Board renewal

The 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.

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.

### 3.2 Tenure

The Board's policy on tenure:

- a) Is subject to annual performance reviews, Directors are appointed for a 10-year term to make ensure 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.

- b) Ensures that Sandhurst Board members have a mix of tenure for ongoing renewal and to avoid a number of Directors retiring at the same time. All stakeholders of the entity may be well served by having a mix of directors, some with longer tenure for a deep understanding of the entity and its business and some with a shorter tenure for fresh ideas and perspective.
- c) Has regard to the complexities of the financial services, superannuation, funds management and banking industry, the development of expertise and knowledge of the industry takes time.
- d) Given the long-term strategy to build a sustainable business, ensures corporate memory is retained and acknowledges the benefit in Board continuity across economic cycles.

## 4 Performance Assessment Procedures

### 4.1 Board

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 with support from Corporate Secretariat, and of the Chair, led by a Non-Executive Director nominated by the Board. The Company Secretary provides feedback to the Chair and 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 if the Group undertakes an external assessment, for instance, every three years. The external consultant leads the reviews and provides feedback to:

- a) individual Directors on individual Director performance,
- b) the Chair on individual Director performance
- c) the Chair on the Chair's performance, and
- d) the Board on its performance and Chair performance.

A written report summarising the results, issues for discussion and recommendations will be provided to establish 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. The Company Secretary tracks progress of continuous improvement actions until the Board confirms they can be closed.

The outcomes of the annual performance assessment for the Board will be reported by the Company Secretary via the Chair to the BEN Board, through the BEN People and Culture Committee.

### 4.2 Committees

On an annual basis, the chair of each Committee discusses Committee performance with the members of the Committee. The Committee chair with the support of the Company Secretary 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

## Sandhurst Trustees



agreed. Each Committee tracks its continuous improvement progress as ongoing matters arising until the Committee confirms they are completed.

## 5 Non-Executive Director Remuneration

### 5.1 Objectives

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.

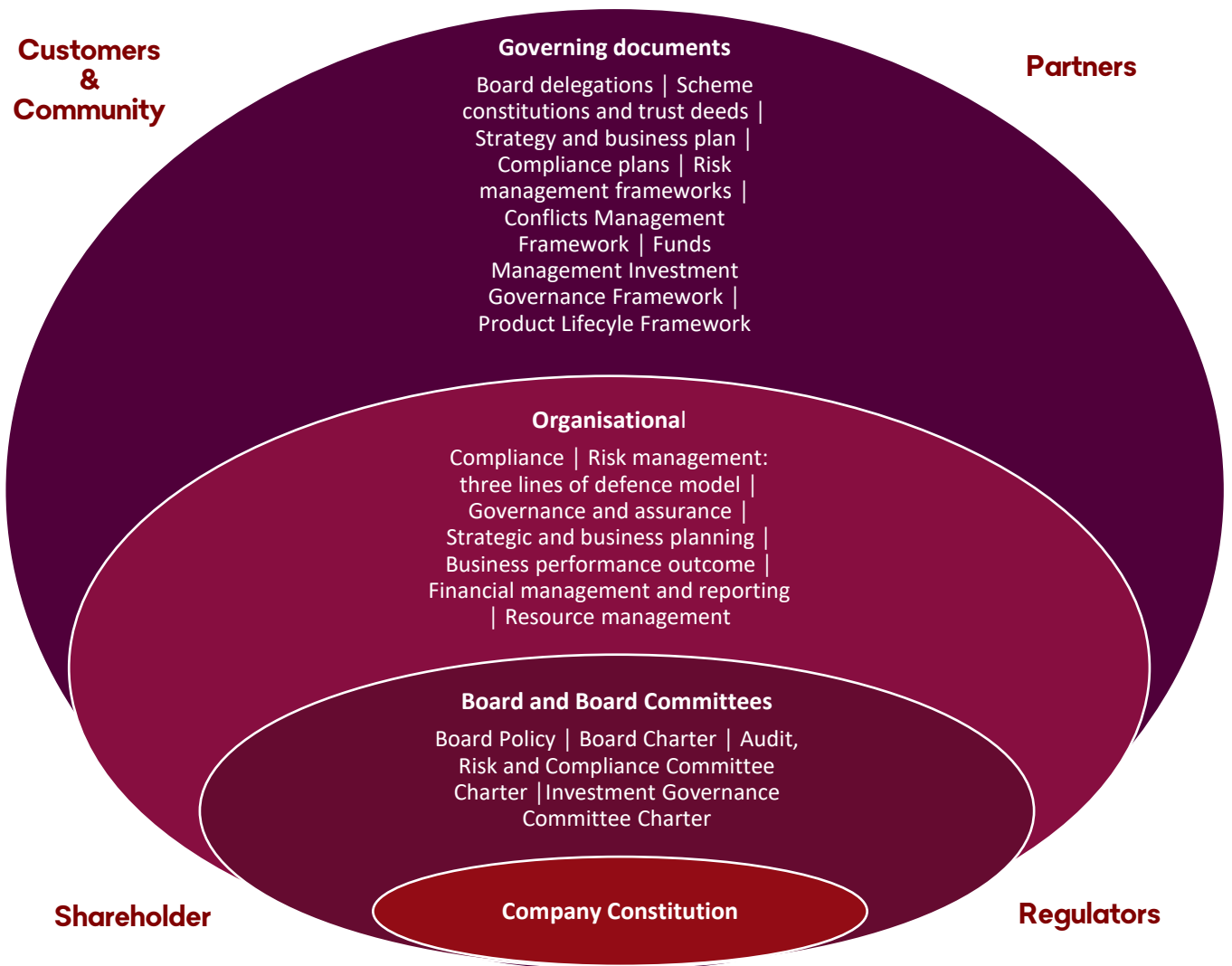
### 5.2 Components

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

- a) NEDs of Sandhurst receive a base fee which is reviewed annually as part of the BEN 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 Chair recognises the additional time commitment and responsibilities.
- b) NEDs of Sandhurst do not receive additional fees for Committee memberships.

# Appendices

## Appendix A – Sandhurst Governance Framework



## Appendix B – Board Skills Matrix

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 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.
Investment 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 credit, product design, charitable trusts, corporate trustee and professional custodial services, marketing, e-commerce and social media.

## Appendix C - Policy Actions: Roles and Responsibilities Matrix

Key: R =Responsible, A=Accountable, S=Supporting, C=Consulting, I=Informed)

Activity	1LOD			2LOD			3LOD	Other		
	Corporate Secretariat	Wealth Management	P&C	Risk & Compliance	GOR	GRC	GIA	Chair	Board	PCC
Implementation of the Board Policy requirements	R	S		S	S	S	S	C	A	
Board Policy Review	R	C		C	C	C	C	C	A	
Board Assessments	R							C	A	I
Non-Executive Director Remuneration			S						A	R
Director Appointments and Removal	R	I	S					C	A	R
Assessment of Fit & Proper (Directors)	R	I	S						A	
Assessment of Fit & Proper (Internal)	S	I	R						A	
Assessments of Director Independence	S		R						A	