

## BOARD GOVERNANCE POLICY

### 1. Overview

Bendigo Superannuation Pty Ltd (Bendigo Super) is the trustee and registrable superannuation entity (RSE) licensee for the Bendigo Superannuation Plan (the Plan).

Bendigo Super also issues the Bendigo Superannuation Contribution Service (non-cash payment product), which is a clearing house service offered to its employer-sponsor groups.

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

### 2. Purpose

This policy ensures that Bendigo Super maintains high standards of corporate governance and meets the requirements of APRA's prudential standard SPS 510 Governance and SPG510 Governance which set out the minimum requirements for good governance of an RSE licensee.

The ultimate responsibility for the sound and prudent management of Bendigo Super, in its role as an RSE licensee, rests with the board of Bendigo Super (Board).

This policy also covers the following key requirements:

- Relevant provisions of the Corporations Act 2001;
- The Superannuation Industry (Supervision) Act 1993 generally; and
- Any other applicable legislation.

### 3. Board composition and appointment

#### 3.1 Policy

This policy ensures that the directors and senior management of Bendigo Super:

- collectively have the necessary skills, knowledge and experience to understand the risks of Bendigo Super's business operations, including its legal and prudential obligations; and
- individually have the skills that allow them to make an effective contribution to the Board deliberations and decisions.

The senior management and majority of directors of Bendigo Super must ordinarily be residents of Australia.

### 3.2 Composition

The constitution of Bendigo Super provides that the number of directors is to be not less than three (including the chair) or any greater number required by the Corporations Act, the SIS Act, the SIS Regulations or any other Commonwealth, State or Territory Law as set out in the constitution.

The composition of Board committees is detailed in the Board Committee Procedural Rules.

### 3.3 Assessment

The suitability of a nominated candidate or an existing director is assessed against each of the following factors.

- The collective skills, knowledge, experience and attributes of the directors required to deliver the business strategy and priorities of Bendigo Super;
- The skills, knowledge, experience and attributes of current directors;
- Any skills, knowledge, experience and attributes that are not adequately represented by current directors;
- The fitness and propriety<sup>1</sup> of an appointed director; and
- The independence of an appointed director (refer also section 4).

The benefits of diversity are also taken into account in forming the composition of the Board (refer also section 3.6).

### 3.4 Skills, knowledge and experience

The skills, knowledge and experience considered necessary for the position of director of Bendigo Super include the following:

#### **Superannuation and member services**

Experience in significant components of the superannuation industry such as fund administration, insurance, distribution, complaint and dispute management and member engagement.

This experience is important to understanding and monitoring business performance, evaluating the achievement of business plans and assessing developments in our business models, distribution channels and product innovation, specifically in relation to driving the best outcome for members.

#### **Investment**

Knowledge of investment strategy, funds management, asset allocation, ESG principles and investment risk, systems and monitoring processes.

Appropriate reward for risk is fundamental to meeting members' retirement goals in a manner appropriate to members individual or age assumed needs. To continue to be relevant our fund must meet selected return expectations.

#### **Corporate governance**

Knowledge and experience in matrix<sup>2</sup> governance structures and commitment to high standards of corporate governance

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

<sup>2</sup> Matrix organisation – multiple reporting lines and multiple governance stakeholders for staff to operate within across the Group and Subsidiary level

A sound system of governance provides the foundation for the effective oversight of decision-making, actions and behaviour to ensure we live our values, focus on our strategy and align with our purpose.

### **Public and regulatory policy**

#### **Experience in public and regulatory policy**

The superannuation industry is highly regulated and continues to be directly impacted by continued legal and regulatory reform as well as political decision making and public policy. We need to be understanding and respectful of regulatory structures and commit to meeting their desired outcomes.

### **Technology and innovation**

#### **Experience in information technology systems, digital channels and cyber security and privacy or experience in technology governance**

Our business is highly dependent on information technology. Innovation and disruption, particularly from new digital technologies, is transforming the way superannuation organisations operate and engage with their members. To continue to be relevant, our business must be able to evolve and adapt to the rapidly changing environment and meet members' expectations of service in a digital world.

### **Risk management and compliance**

#### **Ability to understand risk culture, the risk management strategy and framework, and monitor the effectiveness of controls**

Risk management is fundamental to how we operate our business and critical to our performance. How we manage risk ultimately impacts our efficiency and our actions in the best interest of members.

### **People and workplace health and safety**

#### **Experience in overseeing and assessing senior management, workplace health and safety and strategic people management**

Healthy, satisfied and engaged employees are a key foundation to our success. Our employment and workplace practices play a vital role in attracting, motivating and retaining high calibre management needed to implement the strategy. They also help ensure our employees continue to be committed to actively contributing to our members and the organisations success.

### **Financial reporting and audit**

#### **Ability to understand financial statements and to assess the adequacy of financial controls**

Financial acumen is essential to understanding the financial drivers of our business and monitoring the performance of the business and the integrity of financial reporting. The ability to understand financial statements, the application of accounting standards, audit obligations, expense management and the ability to assess the adequacy of financial controls are key elements to financial acumen.

### **Business strategy and outsourcing**

#### **Experience in the development of strategy and oversight of implementation**

This experience brings a longer term perspective and a broader understanding of the business landscape and functioning in a partnered/outsourcing environment. It also brings an ability to critically test and challenge strategic priorities and business

proposals/models presented by management, and understanding and oversight of outsourced service providers.

### **Executive leadership**

#### **Successful career as a Senior Executive or CEO**

This experience brings a senior executive perspective of running a matrix organisation to board decision-making. This includes perspectives on organisational design and management including executive performance and provides an operational outlook on implementing our business plans and strategy.

## **3.5 Attributes**

All directors are expected to demonstrate the following attributes:

- Sound ethics, integrity and values
- Trust and respect
- Emotional intelligence
- Listening and communication skills
- Constructive questioning
- Willingness to undertake ambassador activities
- Critical thinking
- Leadership skills
- Learning and humility

## **3.6 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.

## **3.7 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 Bendigo Super's business activities to be met.

## **3.8 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 Bendigo Super Board provide their input into the search process drawing on their experience and knowledge of the business of Bendigo Super.

## **3.9 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 Bendigo Super's business, and the skills, expertise and experience required by the Board. An order of preference is to be agreed.

The Bendigo Super 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 Bendigo Super Chair. Any disputes will be escalated to the BEN Board for decision.

### 3.10 Appointment

The BEN board is responsible for the appointment of directors to the board of BEN's APRA regulated subsidiaries.

In accordance with Bendigo Super's constitution, BEN may nominate 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 Bendigo Super.

The agreed candidate is to be formally appointed by the Board at its next meeting.

Appointments will be for 3 year 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, fitness and proprietary and any special circumstances. The assessment will also consider the current skills, knowledge, experience, diversity and attributes of the Board.

## 4. Independence

The Plan is not an employer sponsored fund and therefore Bendigo Super is not required to comply with the basic equal representation rules under Part 9 of the Superannuation Industry (Supervision) Act 1993 which impose independence requirements for board composition.

Bendigo Super acknowledges the benefits of appointing one or more directors who are free from any related business or other association with Bendigo Super, to assist in promoting independent judgment by the board. In making this consideration, Bendigo Super will have regard to SPG510 Governance.

## 5. Board Renewal

In accordance with BEN Board Policy, the BEN Board must approve any appointments to its APRA regulated subsidiary boards.

### 5.1 Board review and renewal

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

### 5.2 Tenure

Directors are appointed for a 3 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 Bendigo Super. 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 12 years, however Bendigo Super may deviate from this limit in special circumstances, such as where a particular value or benefit is recognised.

Bendigo Super board members should have a mix of tenure for ongoing renewal and to avoid a loss of corporate knowledge by having a number of directors retiring at the same time. The Bendigo Super board takes the view that having regard to the complexities of the superannuation 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.

## 6. Performance assessment procedures – Board as a whole, directors and committees

### 6.1 Board – annual assessment

The Board Charter provides for an annual performance assessment of the Board and its 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. The annual performance assessment of the Chair is led by a non-executive director as 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. 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 Board will be reported by the Company Secretary to the BEN Board, through the BEN Governance & HR Committee.

### 6.2 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.

## 7. Remuneration – non-executive directors (NEDs)

### 7.1 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.

### 7.2 Components

- The BEN Governance & HR board committee recommends the annual fee payments to NEDs of Bendigo Super.
- NEDs of Bendigo Super 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 Bendigo Super chair recognises the additional time commitment required.
- NEDs of Bendigo Super do not receive additional fees for committee memberships.

## 8. Remuneration – other employees

### 8.1 Remuneration Policy

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

Name & Version	Board Approval	Next Review Date
Bendigo Superannuation Pty Ltd Board Governance Policy	28 April 2021	