

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 Fund).

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

This policy applies to the Board of Bendigo Super.

2. PURPOSE

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

It covers the following matters:

- a) Size and composition of the Board and Board committees
- b) Board renewal
- c) Nomination, appointment and removal of directors
- d) Board performance assessment
- e) Board voting rights
- f) Non-executive director remuneration
- g) Review of the governance framework.

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 key requirements from the following:

- a) Relevant provisions of the *Corporations Act 2001* (Cth) (Corporations Act);
- b) The *Superannuation Industry (Supervision) Act 1993* (Cth) (SIS Act) generally; and
- c) Any other applicable legislation.

3. FRAMEWORK

The Board's governance framework comprises of the following, at a minimum.

- a) Board Charter
- b) This policy
- c) Delegations of Authority
- d) The Group Responsible Person Policy
- e) Bendigo Super Conflicts Management Framework
- f) Group Conflicts of Interest Policy

4. BOARD COMPOSITION

The directors and senior management of Bendigo Super must:

- a) 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
- b) individually have the skills that allow them to make an effective contribution to Board deliberations and decisions.

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

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 relevant Board Committee charters.

4.1. Chair

- a) The Chair of the Board must be a director of Bendigo Super.
- b) The Chair of the Board may sit on the Audit, Risk and Compliance Committee, but must not chair the Committee.
- c) The Chair of the Board is appointed by the directors with the approval of the Bank Board.

4.2. Candidate Selection

4.2.1 Selection criteria

Draft selection criteria are to be developed for potential Board candidates, having regard to the assessment, skills knowledge and experience and attributes (refer to 4.4 & 0) to enable regulatory requirements for Bendigo Super's business activities to be met.

4.2.2 Search process

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

4.2.3 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 Bank Board for consideration. The Bank Board's decision will then be

communicated to the Bendigo Super Chair. Any disputes will be escalated to the Bank Board for decision.

4.3. Nomination or re-election of directors

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

- a) The collective skills, knowledge, experience and attributes of the directors required to deliver the business strategy and priorities of Bendigo Super;
- 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 of an appointed director; and
- e) The independence of an appointed director (refer also section 5).

The benefits of diversity are also taken into account in forming the composition of the Board (refer also section 4.6).

4.4. Skills, knowledge, and experience

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

- a) Superannuation and member services - experience in significant components of the superannuation industry such as but not limited to fund administration, insurance, investments, fund and product governance, 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 outcomes for members.

- b) Investment - knowledge of investment strategy, funds management, asset allocation, ESG principles and investment risks, 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 investments must meet selected return expectations.

- c) Corporate governance – knowledge and experience in matrix² governance structures and commitment to high standards of corporate governance.

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.

- d) 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

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

² Matrix organisation – multiple reporting lines and multiple governance stakeholders for staff to operate within across the Group and subsidiary level

making and public policy. We need to be understanding and respectful of regulatory structures and commit to meeting their desired outcomes.

- e) 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.

- f) Risk management and compliance

Ability to understand risk culture, the risk management strategy and frameworks, and monitor the effectiveness of controls. Risk management is fundamental to how we operate our business and critical to our performance. How we manage risks ultimately impacts our efficiency and our actions in the best financial interest of members.

- g) 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.

- h) 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.

- i) 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 including having oversight of outsourced service providers.

- j) Executive leadership experience - 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.

4.5. 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) Constructive questioning
- f) Willingness to undertake ambassador activities
- g) Critical thinking
- h) Leadership skills
- i) Learning and humility

4.6. 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.

4.7. Appointment & Removal

The Board is responsible for approving the appointment of directors to the board of Bendigo Super.

In accordance with Bendigo Super's constitution, the Group 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.

An assessment and decision to reappoint a director for a further term, will need to consider the director's tenure, performance, fitness and propriety and any special circumstances. The assessment will also consider the current skills, knowledge, experience, diversity and attributes including independence of the Board.

5. INDEPENDENCE

The Fund 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 SPG 510 Governance.

6. BOARD RENEWAL

In accordance with the Group's Board Policy, and with assistance from the People, Culture and Transformation Committee, the Bank Board must approve any appointments to its APRA regulated subsidiary boards.

6.1. 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.

6.2. Tenure

Subject to annual performance reviews, directors are appointed for a three-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.

7. DECISIONS OF THE BOARD

7.1 Voting at meetings

Matters are to be decided by a majority of the votes of the directors present and voting.

In the case of an equality of votes, the Chair of the meeting has a casting vote in addition to the Chair's deliberative vote as written in Bendigo Super's Constitution clause 58(c): Directors' Voting Rights and Exercise of Powers.

7.2 Circulating resolutions

The Board may pass a resolution without a Board meeting being held if all directors, or a majority of the directors (where notice of the resolution has been given to all directors) approve the resolution as written in Bendigo Super's Constitution clause 62(a): Written Resolutions of Directors. In the case of an equality of votes, the Chair has a casting vote in addition to the Chair's deliberative vote.

8. PERFORMANCE ASSESSMENT PROCEDURES

8.1. Board performance 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 must be engaged every three years to undertake the Board assessment. 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. Actions are required to be implemented prior to the next review cycle unless agreed to by the Board.

The outcomes of the annual performance assessment for the Board will be collated by the Company Secretary and the formal report will be presented by the Chair of Bendigo Super to the Bank Board, via the Group People, Culture and Transformation Committee.

8.2. Committees performance assessment

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

The Board must consider the results of the report, including changes suggested for improvement, to be taken forward for action if agreed.

9. REMUNERATION – Non-executive directors (NEDs)

9.1. 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.

9.2. Components

- a) The Group's People, Culture and Transformation Committee. recommends the annual fee payments to NEDs of Bendigo Super.

- b) NEDs of Bendigo Super receive a base fee which is reviewed annually as part of the 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 Bendigo Super chair recognises the additional time commitment required.
- c) NEDs of Bendigo Super do not receive additional fees for committee memberships.

10. REMUNERATION – Other employees

10.1. Remuneration Policy

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

Document Review and Approval

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

Approved by the Bendigo Super Board	25 November 2022
Last revised	28 April 2021
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