

Board Governance & HR Committee Charter

1. Role

1.1 About the Board Governance & HR Committee

The Committee is a committee of the Bendigo and Adelaide Bank Board. Its purpose is to assist the Board in relation to nomination, governance and human resource matters.

1.2 Purpose of the Charter

This charter sets out the role, responsibilities, powers and terms of operation of the Committee.

1.3 Scope of responsibilities

The Committee's responsibilities apply in relation to Bendigo and Adelaide Bank Limited (**Bank**) and its subsidiaries (**Group**).

2. Purpose

The purpose of the Committee is to provide assistance the Board in respect to:

- The membership and performance of the Board;
- Succession planning and employment terms for the CEO and Senior Executives;
- The Group remuneration policy and remuneration structures;
- The remuneration arrangements for non-executive directors, executive management and other designated employees;
- The development, retention, wellbeing and safety of all Group employees;
- The Board's corporate governance framework, policies and practices.

3. Responsibilities

3.1. Board governance

The Committee provides assistance to the Board on nomination matters including renewal, succession, performance and remuneration, as well as corporate governance developments. This includes making recommendations to the Board on:

- The appropriate size and composition of the Board including succession planning.
- The procedure and criteria for the selection of Board candidates.
- Identifying and nominating a short list of selected candidates for consideration by the Board.
- The re-election of directors retiring by rotation.

On an annual basis the Committee will review:

- The skills, knowledge and experience currently represented on the Board.
- The time commitment required from non-executive directors.
- The procedures for the assessment of individual director performance, Committee performance and Board performance.
- The induction process for new directors.
- The membership of subsidiary and joint venture boards.

The Committee is also responsible for reviewing and recommending to the Board:

- The remuneration arrangements for non-executive directors and directors on subsidiary boards.
- The annual Corporate Governance Statement;

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- The Notice of Annual General Meeting; and
- Proposed changes to the Board and Board Committee Charters.

The Committee also monitors developments in corporate governance and make recommendations to the Board on any desired or necessary changes to the governance practices of the Bank.

3.2. Staff, employment and workplace

The Committee assists the Board in relation to key employment and workplace matters including employee engagement, retention, wellbeing, development, reward, diversity and WHS. The Committee's responsibilities include:

- Reviewing and recommending to the Board the employment contract for Managing Director and pro-forma terms of employment for executive committee members.
- Reviewing and deciding on recruitment, retention and termination strategies (including succession), for executives and other categories of employee as requested by the Board.
- Overseeing the risk management framework for remuneration risk. This includes reviewing and deciding on recommended changes to the remuneration policy.

In relation to specific remuneration decisions:

- Recommend to the Board the remuneration arrangements and reward outcomes for each responsible person who is the Managing Director, an Executive Committee Member, a non-administrative direct report to the Managing Director and any Additional Management Personnel (being persons whose activities in the Committee's opinion may affect the financial soundness of the organisation).
- Decide the remuneration structure for categories of persons covered by the remuneration policy, not addressed above, namely:
 - (a) Other responsible persons, and
 - (b) Risk and financial control personnel.
- Recommend to the Board the criteria used to establish annual Value Created Dividend pool allocations including the pool of funds allocated for distribution.
- Recommend to the Board grants of equity-based remuneration including the terms, performance measures and targets on which the grants will be offered.
- Make recommendations to the Board on the exercise of discretions under the remuneration policy. This includes vesting, forfeiture, claw-back and release of variable remuneration.
- Recommend to the Board any material changes to superannuation arrangements.
- Recommend to the Board the design of any new cash or equity-based incentive schemes or changes to the design of existing schemes.
- Exercise all the powers and discretions of the Board under any equity plans except in relation to the Managing Director, Executive Committee members and non-administrative direct reports to the Managing Director.

Other remuneration related responsibilities include:

- Review and recommend to the Board the annual Remuneration Report.
- Review and confirm the annual prudential remuneration disclosure for publication.
- Approve the engagement of any remuneration consultant and, if the consultant is providing a remuneration recommendation about key management personnel, receive the recommendation together with a declaration that there has been no undue influence.

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3.3. Subsidiary responsibilities

The Committee acts as the remuneration committee for the Boards of Rural Bank Limited (“Rural Bank”) and Sandhurst Trustees Limited (“Sandhurst”), and provides assistance to these Boards by:

- Conducting regular reviews of, and making recommendations to the respective Board on the Group Remuneration Policy. This includes an assessment of the Group Remuneration Policy’s effectiveness and compliance with the requirements of SPS 510 Governance and CPS 520 Fit and Proper;
- Recommending to the respective Board on the remuneration of:
 - (a) ‘responsible persons’ as that term is defined in SPS 520 and CPS 520.
 - (b) each person whose activities may in the Committee’s opinion affect the financial soundness of Rural Bank’s or Sandhurst’s business operations; and
 - (c) any other person specified by APRA.

Recommend to the respective Board on the remuneration of the categories of persons covered by the Group Remuneration Policy (other than those persons for whom such recommendations are already required in (b) above).

3.4. Workplace Health & Safety

In relation to WHS:

- Receive and consider Work Health and Safety reports.
- Review and decide on recommended changes to WHS related framework, policies and practices.
- Monitor the organisation’s WH&S capability including the experience and expertise of senior WH&S management, as well as training and development plans.

3.5. Diversity

In relation to Diversity:

Review and decide on recommended changes to the diversity policy and make recommendations to the Board on the following:

- The measurable diversity objectives for employees and the Board.
- The annual assessment of performance against the measurable objectives for employees and the Board.

Monitor gender balance, including remuneration by gender.

3.6. Other

Receive updates on key employment and workplace developments.

4. Management committees

Monitor the activities and decisions of management committees having relevant employment and workplace responsibilities and consider recommendations from these committees as presented.

5. Policy delegation

The Committee has delegated authority from the Board to approve amendments to policies within the scope of its responsibilities.

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6. APRA

The Committee members are available to meet with APRA on request.

7. Reporting and meeting planner

Each year the Committee approves a meeting planner setting out the standing items of business and reports to be considered during the year. The planner includes items of business and reports applicable to the responsibilities delegated to the committee under this charter.

8. Procedural Rules

The Bendigo and Adelaide Bank Board Committee Procedural Rules apply to the Governance and HR Committee.

This charter was adopted by the Board of Bendigo and Adelaide Bank Limited on 15 December 2003 and last amended 31 July 2018.