

## BOARD RISK COMMITTEE CHARTER

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As at 12/12/2022

As part of Bendigo and Adelaide Bank Limited's (the **Bank**) Corporate Governance Framework, the Bank's board (the **Board**) has a separate Board Risk Committee (the **Committee**) which assists the Board to carry out its responsibilities.

### 1. ROLE

#### 1.1 About the Board Risk Committee

The Committee assists the Board by providing objective non executive oversight of the Group's risk profile and risk management framework in relation to non-financial risks.

The Committee does not have responsibility in relation to credit risk, traded market risk, non-traded market risk, liquidity risk, remuneration, financial reporting risks and ESG risks (with the exception of the impact of ESG risk on operational risk) which are overseen by other Board committees.

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

- a) the Group's current and future risk appetite and risk management strategy;
- b) the current and future risk profile position and the management of material non-financial risks relative to the approved risk appetite;
- c) the implementation and operation of the risk management strategy and risk management frameworks. This includes constructively reviewing and challenging management analysis, proposals and decisions on all aspects of risk management;
- d) new or emerging material risks and reviewing the treatment plans developed by management to mitigate these risks;
- e) compliance with risk management strategies, policies, tolerances, limits and management delegations; and
- f) the risk culture of the Group.

### 2. RESPONSIBILITIES

#### 2.1. Risk appetite and risk management frameworks

The Committee's responsibilities include:

- a) Recommending to the Board changes to the Risk Appetite Methodology.
- b) Recommending to the Board the Risk Appetite Statement and primary and secondary risk appetite settings relating to non-financial risks.
- c) Recommending to the Board changes to the risk management frameworks.
- d) Considering and deciding, as required, proposed changes to strategies, plans, policies, processes, models, limits and tolerances used to govern risks which are consistent with the risk management strategy and risk appetite. Where required, and if supported by the Committee, the matter will be recommended for decision by the Board.

- e) Monitoring material changes to risk management policies approved by management committees under delegation.
- f) Monitoring the risk culture including the extent to which it contributes to targeted risk management outcomes.
- g) Overseeing the triennial review (to be conducted by an independent expert) on the appropriateness, effectiveness and adequacy of the risk management framework.
- h) Monitoring emerging trends and risks that may impact the risk profile along with relevant market, legislative and regulatory developments, and overseeing management's plans to manage these risks and developments.
- i) Monitoring the independence, performance and effectiveness of the risk management function.

## 2.2. Operational Risk

Overseeing the operational risk framework, including:

- a) Monitoring the Group's operational risk profile incorporating the management and measurement of operational risk (including technology risk, regulatory compliance risk, conduct risk, financial crimes risk, and data risk) taking into account new and emerging operational risks, operational risk key risk indicators, scenario analysis and stress testing, operational risk events and treatment plans for high rated residual operational risks and operational risk events.
- b) Monitoring the impact of ESG risks on the Bank's operational risk profile.
- c) Monitoring compliance with operational risk management settings, policies and standards.
- d) Considering the outcomes of reviews and testing of the Business Continuity Plan (BCP) and periodic audit assurance reviews of the BCP.
- e) Monitoring the activities and decisions of the Operational Risk Committee.
- f) Approving the Tax Risk Management Policy (TRMF) which forms part of the Group's Operational Risk Management Framework.

## 2.3. Group insurance program

- a) Monitoring the adequacy of the Group's insurance cover and approving the terms for the renewal of the annual insurance program.

## 2.4. Group Litigation

- a) Monitoring significant Group litigation including receipt and consideration of litigation reports.

## 3. PRUDENTIAL RESPONSIBILITIES

- a) Prudential Assurances:** Reviewing management assurances provided to the Committee and Board to support annual prudential declarations required under APRA Prudential Standards.
- b) Prudential Reviews:** Receiving reports from APRA on the outcomes of prudential risk reviews for non-financial risks and monitor the progress of management to address recommendations from these reviews.

- c) **APRA:** The Committee members are to be available to meet with APRA on request and will deal with APRA in an open, constructive and co-operative way

#### 4. OTHER RESPONSIBILITIES

- a) **AML / CTF:** Considering and deciding on changes to the AML/CTF Policy and the Part A Program and monitoring the implementation and operation of the Program.
- b) **Reviews:** Initiating reviews as needed to fulfil its responsibilities under this charter.
- c) **Charters:** Reviewing and deciding on changes to the Operational Risk Committee Charter.
  
- d) **Chief Risk Officer:** Reviewing the performance and objectives for the Chief Risk Officer as completed and set by the Managing Director. Recommending to the Board jointly with the Board Financial Risk Committee the appointment or removal (subject to the prior endorsement by APRA) of the Chief Risk Officer.
  
- e) **General:** Any other responsibilities delegated to the Committee by the Board from time to time.

#### 5. TERMS OF OPERATION

##### 5.1 Composition

- a) Committee comprises at least three independent, non-executive Directors of the Bank (**Committee Members**).
- b) Committee Member appointment and rotation is at the discretion of the Board.
- c) The Board appoints one Committee Member as Committee Chair. The Chair of the Board may be a member of the Committee, but may not chair the Committee.

##### 5.2 Meetings

- a) The Committee meets at least quarterly and as often as the Committee or Board deems necessary for the Committee to discharge its role effectively. Each year the Committee approves a meeting planner setting out the standing items of business, reports and policy reviews to be considered during the year.
- b) The Committee Chair reports to the Board on the outcomes of Committee meetings.
- c) A quorum is two Committee Members.
- d) The Chief Risk Officer has a standing invitation to all committee meetings.
- e) The Committee may, by invitation, request employees and third parties to attend Committee meetings on a standing or ad hoc basis.

- f) Minutes of each Committee meeting are provided to the next meeting of the Committee. Approved Committee minutes are tabled at the next Board meeting.

### 5.3 Access to Information and Independent Advice

- a) The Committee is authorised to seek any information it requires from any Group employee or from any other source. It is entitled to meet with employees and third parties without the presence of management.
- b) The Committee may consult a professional adviser or expert, at the cost of the Bank, if the Committee considers it necessary to carry out its duties and responsibilities.

### 5.4 Committee Performance

- a) The Committee assesses its performance annually.
- b) The Committee reviews this Charter at least every three years and recommends any amendments to the Board.

### 5.5 Delegation

The Committee may delegate its responsibilities to a sub-committee of one or more Committee Members for a specific purpose. Any such sub-committee will report directly to the Committee.

Adopted by the BEN Board	15 December 2003
Last revised	12 December 2022
Next review date	December 2025
BEAR Accountable Person	Each member of the Board Risk Committee