



Corporate Governance Statement 2021



**Bendigo and
Adelaide Bank**

Overview of our corporate governance

The Bendigo and Adelaide Bank Limited (the Bank) Board is pleased to present its 2021 Corporate Governance Statement.

This statement outlines the key corporate governance practices of the Bank for the financial year ended 30 June 2021 (FY2021). In addition, this statement discloses the extent to which the Bank has complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4th edition (ASX Principles).

For the whole of FY2021 we adopted the ASX Principles.

This statement is accurate and up to date as at 14 September 2021 and has been approved by the Board.

Further information relating to the Bank's corporate governance practices and key governance documents can be found on the Corporate Governance section of our website at:

www.bendigoadelaide.com.au/esg/governance

In addition to this statement, our company reports for FY2021 include:

- Annual Financial Report
- Sustainability Report
- Annual Review

These reports are available on our website:

<https://www.bendigoadelaide.com.au/>

We have set out the key structural elements of our corporate governance framework below by way of overview. The corporate governance framework applies across the Bank and its subsidiaries (the Group) and are underpinned by our Corporate Values.

Board and Board Committee structure



Our values

Teamwork We are one team with one vision	Integrity We build a culture of trust	Performance We strive for sustainable success	Engagement We listen, understand – then deliver	Leadership We all lead by example	Passion We believe in what we do
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Our Board

Our Directors

Our Board comprised of nine Directors during FY2021, all of whom, apart from our Managing Director, were non-executive and independent. Detailed information about each of our Directors is set out in the Directors' Report of our Annual Financial Report.

The Board assesses the independence of each non-executive Director on an annual basis, where their independence is defined as being free from any business or other association (including those arising out of a substantial shareholding, involvement in past management or as a supplier, customer or adviser) that could materially interfere with the exercise of their independent judgment.

The Board has assessed that the non-executive Directors are independent and that they continue to test and challenge Executives and senior management constructively and exercise independent judgment on matters presented for Board decision.

The role of our Board

The Board has the following key responsibilities.

- **Vision, strategy, values and purpose:** This includes setting the vision, strategy, values and purpose, and in doing so, setting the corporate culture, and maintaining oversight of it.
- **People:** This includes responsibilities in relation to the Managing Director, Executives, remuneration, diversity and workplace health and safety.
- **Customer voice:** This involves oversight of customer feedback and insights.
- **Business, operational and financial matters:** This includes reviewing and approving the strategic direction of the Group, approving significant corporate strategic initiatives, overseeing the architecture and technology strategy and approving regulatory financial disclosures.
- **Risk:** This includes considering recommendations of the Risk Committee, including in relation to risk culture, the risk management strategy and framework, risk appetite, and the effectiveness of risk management.

The Committee also includes considering recommendations from:

- the Financial Risk Committee related to decisions on credit risk management strategy and framework, capital adequacy, capital management, and the credit risk appetite;

- the Technology Committee related to decisions on technology risk management, environmental and social risk, and information security; and
- the Board Audit Committee related to decisions on financial risk, corporate reporting risk, and environmental, social and governance risk and reporting.

More information is contained in the Board charter which is available on our website.

The Board has delegated management responsibilities to the Managing Director. It has reserved some key responsibilities for the Board and Board committees as outlined in its charter. These include corporate governance, specific responsibilities of the Board under the Board charter, the responsibilities delegated by the Board to a Board committee, and responsibilities otherwise required to be exercised by the Board by the constitution, legislation or regulatory standards. The Board also reserves for itself matters above specific delegation limits including financial and risk limits. The Board may reserve any additional matter it decides, as advised to the Managing Director.

The role of our Board committees

The Board committees assist the Board in carrying out its responsibilities. In deciding committee memberships, the Board endeavours to make the best use of the range of skills and expertise across the Board and share responsibility. As well, overlapping memberships take into account where matters raised in one committee may have implications for another. Committee membership is reviewed on an annual basis.

The Board receives the minutes of all Board committee meetings at the following Board meeting and is presented with a verbal report from each committee Chair on significant areas of discussion and key decisions. To assist each committee in discharging its responsibilities, each committee has an annual meeting planner that sets out the scheduled items of business and reports to be considered during the year.

Information on the number of committee meetings held during the year, and attendance by members at those meetings, is presented in the Directors' Report in the Annual Financial Report.

The chairs and members of each Board committee for FY2021 were as follows:

Non-executive Directors	Board Audit	Board Risk	Board Financial Risk ¹	Governance and Human Resources	Board Technology
Robert Hubbard	Chair	Member			Member
Jan Harris	Member	Chair			
David Foster ²		Member	Chair		
Tony Robinson	Member			Chair	Member
Vicki Carter			Member	Member	Chair
Jim Hazel ³		Member	Member		
David Matthews	Member		Member	Member	
Jacqueline Hey				Member	Member

1. Name changed from Board Credit Committee on 1 July 2021.

2. Transitioned from member to Chair of the Board Financial Risk Committee in August 2020.

3. Transitioned from Chair to a member of the Board Financial Risk Committee in August 2020.

The key functions of each Board committee are set out on the following page. The charter for each committee and the procedural rules applying to all committees are available from our website.

In accordance with our procedural rules, each committee was composed of at least three members, a majority of independent Directors, and an independent Chair.

Audit

The Audit Committee assists the Board in relation to oversight of each of the following:

- External audit, including prudential audit requirements.
- Internal audit (Group Assurance) function.
- The integrity of statutory financial and prudential reporting including financial reporting principles, policies, controls and procedures and Basel III Pillar 3 Disclosures, including non-audited reporting.
- The effectiveness of the internal control and risk management framework.
- The objectives, scope and outcomes of relevant prudential responsibilities.

Other responsibilities include ensuring there are policies and processes in place for reporting employee concerns/ whistleblower matters, overseeing assurance work in relation to organisational culture, monitoring tax compliance, monitoring environmental, social and governance reporting, and receiving reports in relation to the Outsourcing Policy and Business Continuity Plan.

Governance and Human Resources

The Governance and Human Resources Committee assists the Board in relation to each of the following:

- Board nomination matters including renewal, succession, performance and remuneration.
- Corporate governance including governance developments, practices and the corporate governance statement.
- Human resources matters including employee engagement, retention, wellbeing, development, reward, diversity, and workplace health and safety.
- Remuneration matters including the remuneration policy, remuneration risk, cash and equity-based incentive schemes, remuneration outcomes for roles specified under the Remuneration Policy, and the Remuneration Report of the Annual Financial Report.
- The Banking Executive Accountability Regime (BEAR) governance and oversight

Other responsibilities include acting as the remuneration committee for subsidiary board Sandhurst Trustees Limited providing oversight of the Group Remuneration Policy's effectiveness and compliance with the requirements of SPS 510 Governance and CPS 520 Fit and Proper.

Financial Risk

In June 2021, the Board approved a restructure of the Risk and Credit Committees to realign responsibilities. The Financial Risk Committee's role was expanded to include Traded Market Risk, Liquidity Risk and Interest Rate Risk in addition to Credit Risk.

The Financial Risk Committee assists the Board in relation to each of the following:

- Oversight of the current and future financial risk profile position and the management of material financial risks and exposures relative to the approved risk appetite and capital base.
- Oversight of the risk management strategy and frameworks for financial risks.

- Monitoring new or emerging material financial risks and treatment plans.
- Oversight of financial risk management strategies, policies, tolerance limits and management delegations.
- Monitoring the risk culture as it relates to financial risk.

Other responsibilities include making recommendations to the Board on changes to the Risk Appetite Statement and Framework for financial risks, monitoring credit, interest rate, traded market and liquidity risk; monitoring prudential reviews for financial risk and monitoring the process to manage recommendations.

Risk

The Risk Committee assists the Board in relation to each of the following:

- Oversight of the current and future risk appetite and risk management strategy.
- Oversight of the current and future risk profile position and the management of material non-financial risks relative to the approved risk appetite.
- Oversight of implementation and operation of the risk management strategy and framework.
- Monitoring new or emerging material risks and treatment plans.
- Oversight of the risk management strategies, policies, tolerances, limits and management delegations.
- Monitoring the risk culture.

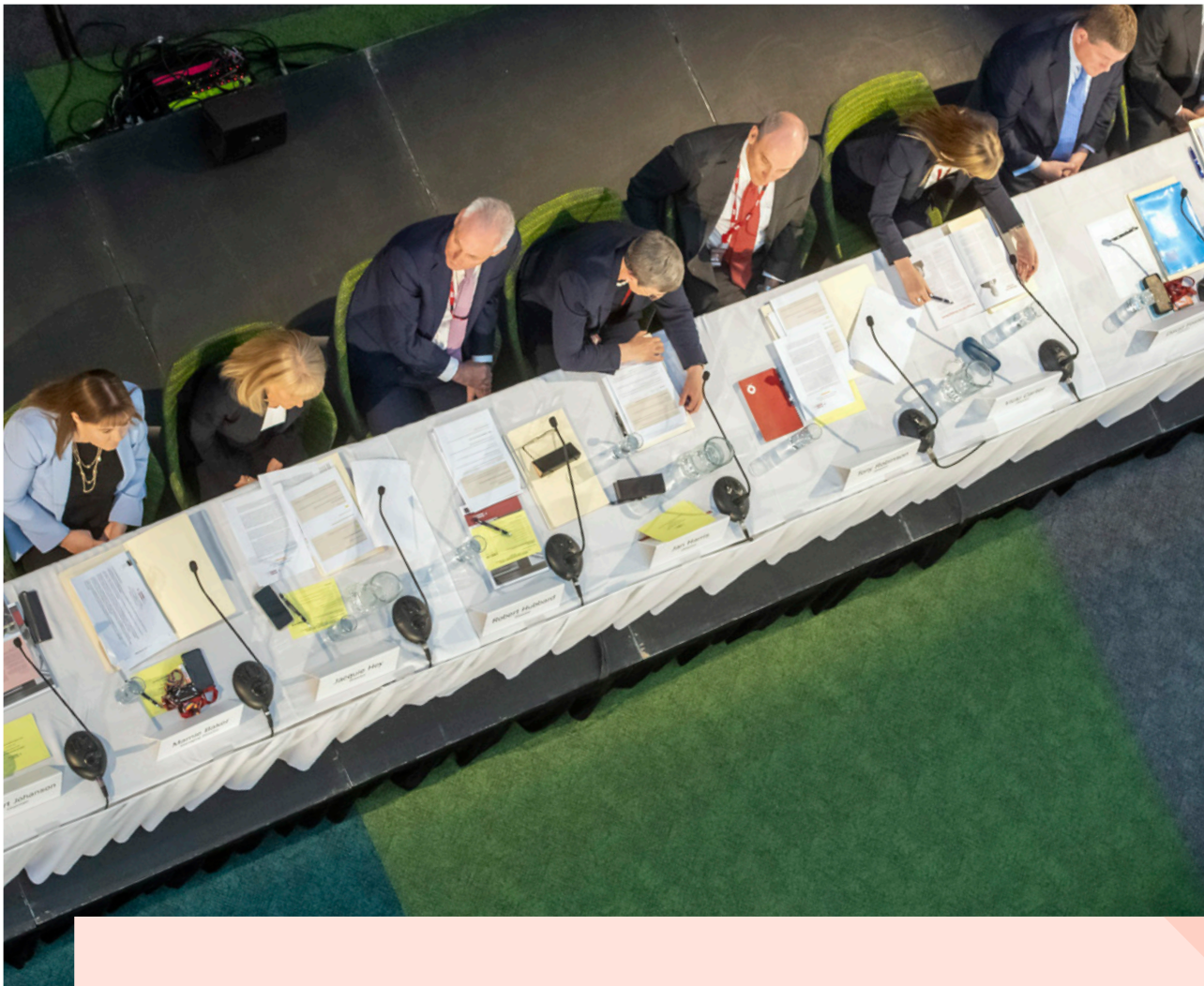
Other responsibilities include monitoring and making recommendations to the Board on changes to the Risk Appetite Methodology and Risk Appetite Statement, monitoring the operational risk profile (including technology risk, compliance risk, conduct risk and data risk), monitoring climate risk profile and the development, implementation and management of climate risk governance processes, and reviewing prudential assurances.

Technology

The Technology Committee assists the Board in relation to each of the following:

- Oversight of the Group's information technology and digital strategy and its implementation.
- Monitoring technology and digital business trends relevant to the Group.
- Oversight of material outsourcing risk arising from any technology sourcing initiatives.

Other responsibilities include reviewing and approving key technology, digital and data strategies, monitoring emerging trends and regulatory developments, program delivery, technology operations and performance, information security and data governance.



Board composition - what we look for in our Directors

The individual attributes of each Director are as critical as the skills and experience that they bring. There is an expectation that each Director be able to demonstrate sound business judgment, a strategic view, integrity, a readiness to question, challenge and critique, and leadership qualities.

At a collective level, the diversity of skills, knowledge, experience, gender and attributes enables the Board to provide the oversight needed to develop and achieve our strategy. In addition, experience through business and economic cycles developed from length of service on the Board is valued. This provides a deeper understanding of the industry including how political, regulatory, economic and financial market developments may impact the business, as well as providing the benefit of corporate memory.

More generally, our Directors are expected to have a clear understanding of our strategy and knowledge of the industry and markets in which the business operates. Our Directors must also have a good understanding of the Bank's operations to enable them to monitor effectively the performance of the business and the implementation of the strategy.

The Board has developed a skills matrix to help in assessing and ensuring that the composition of the Board meets the needs of

the Group. The Board considers it has the appropriate mix of skills and expertise and it regularly reviews the skills, knowledge and experience represented on the Board against the skills and experience needed to deliver the strategy. An internal Board review during FY2021 confirmed that the Board collectively possesses an appropriate standard of expertise across all required skill matrix areas.

The desired skills, knowledge and experience in the current matrix include:

Executive leadership

Successful career as a Senior Executive or CEO

This experience brings a senior executive perspective of running a large 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.

Corporate and business strategy

Extensive 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 of larger corporate enterprises. It also brings an ability to critically test and challenge strategic priorities and business proposals presented by management.

Financial acumen

Expert, proven and broad ability to understand financial statements, capital management and corporate finance, 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.

Risk management

In-depth, demonstrated and senior high level 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 capital efficiency and our profile with our investors.

Corporate governance

Knowledge and experience in sophisticated 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, as well as promoting investor confidence.

Public and regulatory policy

Senior proven experience in public and regulatory policy

The banking and financial services 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.

People and workplace health and safety

Strong, proven and extensive experience in overseeing and assessing senior management, remuneration frameworks, 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 customers' and the organisation's success.

Technology and innovation

Expert and proven high level experience in information technology systems, digital channels and information security or experience in technology governance of a significant business

Our business is highly dependent on information technology. Innovation and disruption, particularly from new digital technologies, is transforming the way financial organisations operate and engage with their customers. To continue to be relevant, our business must be able to evolve and adapt to the rapidly changing environment.

Banking and financial services

Senior executive management experience in significant components of the banking and financial services industry such as retail banking, funds management, superannuation, financial advisory and treasury

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.

Specialist knowledge and expertise

Strong, broad and proven experience in specialist areas such as agriculture, marketing, e-commerce, digital and organisational transformation, and social media

A working knowledge of the specialist business sectors that we operate in is extremely important for our business to exploit the unique opportunities it has in these specialised areas.

Board renewal and re-election of Directors

The Board is committed to a process of orderly succession, aiming for a blend of diversity in geography, background, approach and gender. Succession planning is an ongoing process, with the Board discussing succession planning for its members and the Chair regularly and robustly.

The process to appoint a new Director is overseen by the Board Chair and the Governance and Human Resources Committee. The Governance and Human Resources Committee's responsibilities include recommending to the Board the procedure for the selection of new Directors, the proposed criteria for the selection of Board candidates with particular reference to the current mix of skills, knowledge, experience and tenure on the Board, and identifying and nominating a short list of candidates for appointment to the Board. The Board may engage the services of a professional intermediary to provide assistance in identifying and assessing potential candidates. The preferred candidates meet with all current Board members before a final decision is made.

Each Director and Executive has a written agreement with the Bank setting out the terms of their appointment. Additionally, Directors, Executives and the external auditor must meet fit and proper standards under our Responsible Persons Policy, which addresses the requirements of APRA's Prudential Standard CPS 520 Fit and Proper. Directors, Executives and the external auditor are assessed before appointment, and then annually to make sure that they have the competence, character, diligence, experience, honesty, integrity and judgment needed to properly perform their duties, as well as the education or technical qualifications, knowledge and skills relevant to those duties. This includes obtaining or reviewing background probity checks and an individual fit and proper declaration by each Director and Executive.

This annual assessment process is combined with the requirements for accountable persons under BEAR contained in the Banking Act 1959. Each member of the Board and each Executive is an accountable person.

The accountability regime establishes accountability obligations for accountable persons, requiring each accountable person to:

- act with honesty and integrity, and with due skill, care and diligence;
- deal with APRA in an open, constructive and cooperative way; and
- take reasonable steps in conducting their responsibilities as an accountable person to prevent matters from arising that would adversely affect the Bank's prudential standing or prudential reputation.

An accountable person is required to be registered with APRA and it is our responsibility to assess whether an individual is suitable to be an accountable person. Each Director and each Executive has been assessed as being suitable to be an accountable person.

A Director appointed by the Board must seek election at the next annual general meeting of shareholders after appointment. For all re-nominations, the Board takes into account the skills, knowledge, experience and attributes necessary to deliver the strategy of the Group and the extent to which these are represented on the Board, the diversity of the Board and the statement provided by the Director seeking election that supports their election.

The notice of annual general meeting includes all information relevant to the decision by shareholders whether or not to elect or re-elect a Director. This includes relevant information obtained by the Bank as part of the fit and proper assessment, the accountable person process, a statement about the Director's independence and a statement about the Board's support for the Director's election or re-election.

Appointment and equipping Directors to perform their role

Each non-executive Director enters into an agreement that covers the Director's role and responsibilities, time commitments, induction and ongoing education, performance, remuneration, disclosure of outside interests, independence, privacy and confidentiality obligations. Arrangements for access to information, insurance, indemnity and access to independent professional advice arrangements are contained in a Director's Deed.

Following appointment, each Director participates in an induction program to familiarise themselves with our business and strategy and to develop industry knowledge. The information provided includes information about our corporate governance framework, policies, organisational structures and business activities. The induction program also involves one-on-one meetings with Executives, senior management, and the external auditor. There is also an induction program for each committee that a Director joins.

There is a periodic review of the professional development activities needed for Directors to maintain their skills and knowledge to perform their role as Directors effectively. In addition to personal professional development training, Directors as a collective actively seek to enhance their knowledge of the Bank's operations, industry and market developments, and regulatory changes. This is effected by the Board engaging with industry and regulatory leaders, participating in technical briefings, and undertaking regular deep-dive, free-form discussions with Executives and senior management at Board meetings.

The Board is entitled 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 and may request employees and third parties to attend Board meetings.

A Board committee can seek information from any Group employee or any other source and meet with employees and third parties without the presence of management. A committee may consult with a professional adviser or expert at the cost of the Bank if the committee considers it necessary to carry out its responsibilities. There is also provision for direct access to committees by management and the external auditor as set out below.

- The external auditor may request to meet with the Audit Committee and has a standing invitation to attend all Audit Committee and Risk Committee meetings. The external auditor may also request to meet with the Board and the Chair of the Audit Committee.
- The Head of Group Assurance has a direct reporting line to the Audit Committee and an administrative reporting line to the Managing Director. The Head of Group Assurance may request to meet with the Audit Committee and has a standing invitation to attend all Audit Committee meetings. As well, the Audit Committee must meet at least annually with the Head of Group Assurance without management.
- Senior management, the Chief Financial Officer and the Head of Group Operational Risk may request to meet with the Audit Committee.
- The Chief Risk Officer has a standing invitation to attend all Risk Committee and Financial Risk Committee meetings and may request to meet with either committee. The Chief Risk Officer also has an invitation to attend the Governance and Human Resources Committee meeting that considers the remuneration of those persons as required under the Remuneration Policy.
- The Chief People Officer may request to meet with the Governance and Human Resources Committee about work health and safety and remuneration considerations of those persons as required under the Remuneration Policy and has a standing invitation to attend all Governance and Human Resources Committee meetings.

A Director may obtain independent professional advice at a reasonable cost to the Bank after first getting the approval of the Chair (or if the Chair refuses to give the approval, the Board). As well, the Company Secretary provides advice on governance matters and support to the Board, committees and Directors. The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The appointment and removal of the Company Secretary is decided by the Board.

Performance assessments of Board, Directors and Board Committees

The Board reviews its performance, and the performance of individual Directors, every year.

From time to time, this process is led by an external consultant, and in those years when a consultant is not engaged, the Chair leads the assessment of the Board and each Director, with a non-executive Director nominated by the Board leading the assessment of the Chair.

The process may involve the completion of questionnaires and meetings with individual Directors. The Chair provides feedback to each Director on individual performance and conducts a session with the full Board to discuss feedback about the Board as a whole. The Chair of the Governance and Human Resources Committee leads a Board discussion about the Chair's performance (in the absence of the Chair).

When an external consultant is engaged, the process is similar, but may also involve discussions with Executives.

The external consultant typically provides feedback on individual Director performance to the Chair and each Director, and on Board and Chair performance, to the Board as a whole (in the absence of the Chair in relation to the Chair's performance).

The annual review process of Board Committees is similar to the Board review process described above. The Chair of each Committee leads the review and also the discussion of outcomes with the Committee, followed by a discussion at the next Board meeting. Each Committee has assessed its performance this year and the outcomes have been reported to the Board.

The Board undertook an in-house assessment of its performance in FY2021, where areas of strengths and focus were identified, and an action plan of continuous improvement agreed. The action plan implemented for FY2020 was completed in full.

Respecting our shareholders and investors

We are committed to giving our shareholders appropriate information and facilities to enable them to exercise their rights effectively. We are also committed to making sure shareholders and the investment community have appropriate information to make investment decisions.

The ways in which we do this include:

- **Our announcements to ASX** – announcements are made in accordance with our Continuous Disclosure Policy and Communications Policy.
- **The Investor centre on our website** – this provides a central point for shareholders to access information including ASX announcements, media releases, the corporate calendar, investor presentations, reports and information about dividend history and the annual general meeting.
- **Our annual general meeting** – shareholders are invited to attend and participate in our annual general meeting each year and this year can do so virtually.
- **Our investor relations team** – our team is committed to engagement with the investment community, telling our story and communicating our strategy.
- **Our financial reporting and statutory reporting, annual shareholder review, shareholder newsletters and this corporate governance statement** – the integrity of reporting is discussed in more detail in the next section.



ASX Announcements

Like all listed companies, we have continuous disclosure obligations under the ASX Listing Rules. This requires the disclosure to ASX immediately (subject to some exceptions) of price sensitive information before anyone else to make sure that all investors have equal and timely access to material information.

Our Continuous Disclosure Policy explains how we manage price sensitive information to comply with this obligation. The policy is available from our website and it includes our disclosure protocols. As a general rule, decisions about disclosure are made by the Managing Director and the Board, and Directors are given a copy of any material disclosure notices as soon as possible after an announcement is released to the market.

The Company Secretary is responsible for coordinating communications with ASX and for having systems in place to ensure that information is not released to external parties until confirmation of lodgement is received from ASX.

Our Communications Policy provides clear authorities and protocols for communications with investors, ASX, regulatory authorities, the media and brokers. It has also been designed to complement the Continuous Disclosure Policy, to make sure that information flows are controlled, and to reduce the likelihood of inadvertent disclosures outside the continuous disclosure reporting regime. Our Communications Policy is available from our website.

Shareholders

Shareholders can access information about their own shareholdings including transaction and dividend payment history and taxation information through BoardRoom's InvestorServe portal.

Shareholders can request to receive shareholder documents electronically, which includes dividend statements, shareholder reviews, annual reports, notices of meetings and shareholder question forms.

Consistent with our efforts to reduce our carbon and environmental footprint, the Bank encourages shareholders to elect to receive their communication and notices from the Bank electronically. This has multiple benefits of reducing the amount of paper used to print notices, reduces the carbon footprint associated with postage, reduces printing and mailing costs, and gives shareholders faster access to their information.

Due to the ongoing challenges arising from the coronavirus (COVID-19) pandemic, the Bank's 2021 annual general meeting of shareholders will again be held virtually this year.

Details on how to vote and ask questions are set out in the notice of the annual general meeting. Voting is conducted by poll on all resolutions.

The annual general meeting provides an opportunity for shareholders to engage with us, and we strongly encourage this. Shareholders can ask questions before the meeting. At the meeting, shareholders will have a reasonable opportunity as a whole to ask questions about or make comments on the management of the Bank or the business of the meeting.

Shareholders are also invited to submit written questions directed to the external auditor about the content of the auditor's report and the conduct of the audit of the annual financial report. These questions are given to the external auditor and a reasonable opportunity is allowed at the meeting for the auditor or their representative to respond. A suitably qualified representative of the audit team is required to attend the meeting to answer questions about the audit.

Investment community

We are committed to engagement with the investment community, telling our story and communicating our strategy.

We have an investor relations program to facilitate an effective two-way communication with the investment community to provide a better understanding of the Bank's performance. The Bank engages with institutional investors, private investors, brokers, analysts and rating agencies. Investor relations co-ordinates roadshows for the half-year and full-year result announcements and other ad hoc investor meetings as required. In accordance with our Continuous Disclosure Policy, presentation materials are provided to the ASX ahead of substantive presentations to investors and analysts.

Under our Continuous Disclosure Policy and Communications Policy, restrictions apply to make sure price sensitive information is not disclosed before it is given to ASX. The employees who are authorised to speak with institutional investors, brokers, analysts and rating agencies is limited.

Parameters for discussions about results are set by the Managing Director. As well, there are restrictions on discussions in the pre-results period. More generally, those authorised to comment on analysts' financial projections are limited and include the Managing Director, Chief Financial Officer and Head of Investor Relations. Comments must be confined to errors in factual information, computations and underlying assumptions.



Integrity of corporate financial reporting

The integrity of financial reporting to shareholders is controlled by

- Board oversight and responsibility
- A Group declaration process, including declarations from the Managing Director and the Chief Financial Officer
- Oversight from the Audit Committee
- Independent external auditor.

Board

The Directors are responsible for assessing whether the financial statements and notes are in accordance with the Corporations Act, that they comply with accounting standards and give a true and fair view of the financial position and performance of the Group.

A Directors' declaration to this effect is included in the annual and half-year financial reports.

Audit Committee

The Audit Committee assists the Board by providing oversight of the Group's financial reporting responsibilities including external audit independence and performance.

The Audit Committee responsibilities include the following:

- Reviewing the half-year and full-year statutory financial reports for recommendation to the Board.
- Reviewing significant accounting estimates and judgements used for the preparation of the financial reports.
- Reviewing and approving any new or proposed changes in Group accounting policies.
- Monitoring developments in statutory reporting and accounting and disclosure requirements.
- Reviewing the effectiveness of the Group's internal control and risk management framework.

Declarations

A declaration process, supported by due diligence and verification, is undertaken across the Group for the annual and half-year financial statements.

The Directors' declaration is only made after receipt of declarations by the Managing Director and Chief Financial Officer, which confirm that:

- The financial records of the Bank have been properly maintained in accordance with the Corporations Act.
- In their opinion, the financial statements and notes comply with applicable accounting standards and give a true and fair view of the financial position and performance of the Bank.
- There are reasonable grounds to believe the Bank will be able to pay its debts as and when they become payable.
- Their opinions have been formed on the basis of a sound system of risk management and internal

control, and this is operating effectively in all material respects.

The adequacy of the process implemented to support the Managing Director's and Chief Financial Officer's declarations are reviewed and assessed by the Audit Committee each reporting period. The declarations are made on the basis that they provide a reasonable, but not an absolute, level of assurance and do not imply a guarantee against adverse events or circumstances that may arise in future periods.

The process is intended to provide assurance that the Group has identified material business risks associated with its activities and implemented appropriate risk management policies, frameworks, systems and procedures to manage those risks.

Each Executive and relevant senior manager provides a risk management declaration, with support from their relevant line management, as to whether there are any known risk matters that could materially impact either the operations of the Group or the integrity of the statutory financial reports.

External auditor

The audit or review by the external auditor provides a further level of protection of the integrity of the financial statements. The Audit Committee oversees the external audit function. This includes reviewing and approving the external audit plan and assessing the performance of the external auditor.

Independence of the external auditor is important to the integrity of the audit function and the Corporations Act sets out independence requirements. The Audit Committee is responsible for maintaining a policy dealing with auditor independence and monitoring compliance with that policy. The External Audit Independence Policy is available from our website. Key elements of the policy include appointment of the external auditor and ongoing independence requirements such as a restriction on non-audit services, restrictions on certain relationships with the Group and the requirement for rotation of the audit partner. It also includes the requirement for the auditor to give annual and half-year independence declarations to Directors.

With limited exceptions, the approval of the Audit Committee is required before the external auditor is engaged to provide non-audit services.

This enables the Audit Committee to assess whether there may be an impact on auditor independence. The Audit Committee gives an annual and half-year statement to the Board as to whether the Audit Committee is satisfied that the independence of the external audit function has been maintained having regard to the provision of non-audit services. The annual Directors' Report includes information about any non-audit services provided and whether the Directors are satisfied that the provision of non-audit services is compatible with the independence of the auditor and the reason for being satisfied.

Periodic corporate reports that are not audited are verified internally by the Chief Financial Officer and/or the Chief Risk Officer following due diligence by management with the expertise to confirm the disclosures within the reports. These reports are then approved for release by the Board or Board Audit Committee.

During the financial year, the Board Audit Committee conducted an external audit tender process with the objective of ensuring the Group received external audit services that were fit for purpose and provided value. A robust evaluation process was followed to ensure that all participating audit firms had equitable access to information and Management, and equal opportunity to submit written and oral proposals. The Board confirmed that EY was the most suitable proponent firm, and their continued role as the external auditor of the Group was reaffirmed.



Our people

We put our people first, so our people can put our customers first

Our people are skilled, resilient, and capable of great things. The Bank aims to provide a positive employee experience and with this focus comes many opportunities to make a difference. We know that when our people feel engaged and supported to be their best, a positive experience for our customers will follow.

We're committed to investing in every one of our 7,000 people, recognising them for great outcomes, and creating a community where everyone can thrive. Community lives inside and outside the Bank. We believe in teamwork and trust, everyone working towards shared goals and building a sense of pride in making real differences in communities across Australia.

We want our people to feel connected and engaged because we care about them. And we celebrate what's common and different, so we can all be ourselves.

When our people know how to contribute, feel valued and belong, and if our leaders are confident and capable, then our customer will get the best service. Our people make our workplace great. They care about our customers, the Bank, our shareholders, our communities, and each other.

The Bank seeks to promote a strong culture that is aligned to our culture aspirations. This includes a strong focus on risk. Our ongoing cultural evolution is designed to help deliver on our Group strategy and achieve key outcomes

such as strong risk management, customer focus and conduct in the Bank.

We continue to focus on ensuring our people are supported to manage their work and personal commitments through an ever-changing landscape. We know offering flexible work policies that enable choice and support the delivery of significant benefits to both individuals and organisational outcomes makes good business sense.

Having a diverse and inclusive workforce is important to us as we want the Bank to reflect the rich diversity of the communities we live in, work with and support. Diversity of experience, mindset and background inspire our best ideas, help us challenge the status quo and identify better ways of working. Our culture of collaboration and inclusion extends outside our team to all of our stakeholders, including our partners, customers and communities, and in a dynamic operating environment, our diversity will make a difference.

With our sights set on being Australia's bank of choice, we're doing critical work that will set up our business for success and improve the experience for everyone we look after. This includes work that's focused on making our people's experience better and organising ourselves to work together more effectively.

Respect for People

Workplace policies play an important role in defining, reinforcing and clarifying what we expect of our people when at work. The Group's 'people' policies, standards, guidelines and procedures form part of our responsibilities as an employer.

In 2021 we completed a comprehensive review and implemented changes to the following policy documents:

- Discrimination and Harassment Policy
- Bullying in the Workplace Policy
- Complaints Procedure for Employees
- Disciplinary Procedure

These updated policies uphold our commitment to providing a safe and respectful working environment for everyone who works in the Group. They also make clear the expected behaviour and the role all our people have in contributing to a workplace culture that is respectful, productive and safe.

We have made it easier for our people to speak up, by explaining the avenues available to them when observing or

experiencing workplace discrimination, harassment or bullying. In addition, we have strongly reinforced that those who speak up will be protected from victimisation.

Alcohol or drug use can impact a person's ability to perform their work respectfully and safely which can pose a risk to their own and others wellbeing. This is why, for the first time, we have introduced a Drug and Alcohol Policy.

The Bank's Drug and Alcohol Policy sets out the Bank's responsibilities as an organisation and expectations of our staff. The objectives of the policy are to:

- Emphasise both the Group and our employee's duty of care to ensure health and safety in the workplace.
- Make clear, that where alcohol is served at work related functions our people, if choosing to drink, must be responsible in their alcohol consumption.
- Encourage our people to take care of each other and be respectful when attending work related functions and social events where alcohol is served.
- Explain the consequences of behaving inappropriately and that being impaired by alcohol or drugs will not be accepted as an excuse for engaging in inappropriate behaviour.

Our Code of Conduct

Our Code of Conduct (the Code) sets the expectations for all our employees, Executives and Board members to make conduct decisions that are lawful, ethical and respectful, in order to deliver fair outcomes for customers, colleagues, partners and stakeholders.

The Code provides clear guidance to our people of their responsibility to demonstrate high standards of corporate and individual behaviour when conducting the business of the Group. It provides a framework for how our people can apply good judgement by thinking before acting, applying Group policies and procedures, considering the consequences of their decisions and, speaking up when needing help.

Respect for People

We have made recent changes to our Code to strengthen the obligation and responsibility of our people to engage in respectful behaviour, demonstrate our values and apply policies to achieve the following positive outcomes:

- A sense of belonging for our customers and colleagues by demonstrating inclusive behaviour and, by being encouraging and respectful of diversity of thought.
- A safe and healthy workplace by making business decisions and behaving in a way that does not compromise individual health and safety or that of our colleagues, customers and others.

- A workplace free from bullying, discrimination and harassment by taking responsibility for treating colleagues and customers lawfully and, with dignity, courtesy and respect. Whether working in the office, offsite or using technology, decisions and interactions with colleagues and customers are always expected to be respectful and free from unlawful discrimination and harassment, including sexual harassment.

Our Code also provides information and guidance in respect to:

Anti-modern slavery

As a Group, we have zero tolerance for modern slavery and human trafficking in our business. This includes us not causing, contributing or being linked to any forms of slavery, human trafficking, forced labour or exploitation within our supply chain and our business operations. We will not transact or enter into contracts with suppliers where there is suspected or identified case of Slavery or Human Trafficking and remediation efforts have been unsuccessful. We will not extend credit to organisations or individuals that have caused or contributed to modern slavery practices, and remediation efforts have been unsuccessful.

Conflicts of interest

The Conflicts of Interest Policy sets out the approach to follow to ensure the Group complies with its regulatory obligations and other related Group policies when dealing with conflicts

of interest. It also provides guidance to our people to identify and effectively manage and monitor any actual, perceived or potential conflicts which may arise.

Whistleblower program

The Whistleblower Policy supports a culture of integrity and ethical behaviour and sets out a clear process and the protections available for those who want to raise a concern regarding suspected misconduct (Reportable Conduct). This could include concerns related to unethical behaviour, criminal activity, a failure to comply with a legal or regulatory obligation, or a significant breach of the Code or other Group policy. It is supported by dedicated intranet pages which provide our employees with information on why it's so important to raise concerns, links to our externally managed anonymous concerns reporting service and answers to frequently asked questions.

Trading Policy

Our Trading Policy imposes restrictions on trading in the Bank's securities by Directors and employees who are in possession of price sensitive information. In addition, a blackout period on trading is imposed on Directors, Executives and other designated employees starting on the 15th of December for the half year results, and the 15th June for the full year results and ending on the next business day after each respective results announcement. The Board may also impose additional restrictions.

Anti-bribery and corruption

The Group has strong standards of integrity, ethics and conduct and support this by complying with relevant Anti-Bribery and Corruption legislation. Therefore our people will not directly or indirectly give, offer or request a bribe and will not engage in corruption.

Our people will not accept directly or indirectly a benefit (monetary or otherwise) given, offered, authorised, accepted or requested as an inducement for action which is illegal, unethical or a breach of trust. We will not accept secret commissions (monetary or otherwise) from a third party, in return for agreeing to depart from our internal policies and procedures or legal obligations. Political donations may give rise to perceptions of cash for influence. Employees, Directors or third parties acting on behalf of the Group must not make any political donations on behalf of the Group.

Reporting and administration

Reporting and analysis on de-identified whistleblower data, breaches of the Code and incidents related to bribery or corruption, workplace bullying, discrimination and harassment is undertaken regularly in order to identify any trends. This reporting is regularly tabled for discussion at our Board Committee meetings.

The Code is periodically reviewed and annually our people undertake Code of Conduct Awareness Learning.

The Code of Conduct, Whistleblower Policy, Trading Policy and Anti-Bribery and Corruption Policy are all available on our corporate website.

Remuneration

Our approach to remuneration is balanced and focused on the creation of long-term value.

The view of the Board is that remuneration which is leveraged towards short-term performance can create a disconnect between an individual's interests and the long-term interests of shareholders, other stakeholders and customers. Therefore, our executive remuneration approach is weighted towards fixed remuneration and equity that vests over the longer term.

Our remuneration philosophy is based on the following principles.

- **Simplicity** – The link between performance, value created, and reward should be clear and the framework must be easy for all employees to understand so that it effectively attracts, retains and motivates the talent the organisation needs to deliver long term sustainable success.
- **Transparency and procedural fairness** – The Bank is committed to providing employees with visibility wherever possible of the considerations made in making reward decisions and fairly undertaking

all performance and reward processes to support the objective of fair remuneration, including gender pay equity.

- **Alignment with values** – Remuneration should reinforce the corporate values of teamwork, integrity, performance, engagement, leadership and passion. Individual reward outcomes are first dependent on the success of the Bank, followed by the division and team.
- **Appropriate risk behaviour** – Remuneration should encourage innovation and prudent risk taking that supports the achievement of superior long term results for shareholders and customers and supports the risk management framework of the Bank.
- **Supports good customer outcomes** – Reward structures and practices will be designed to minimise the risk of incentivising behaviours that may lead to poor customer outcomes.

The executive remuneration framework clearly aligns executive reward with the Bank's performance and outcomes for key stakeholders. Following previous risk governance assessments, we have strengthened linkages between Board committees when considering

remuneration outcomes to make sure all risks associated with the business, including non-financial risks, are considered when determining remuneration outcomes. As well, we have continued to embed risk and compliance outcomes explicitly in Executive performance assessment and remuneration.

The remuneration and other terms of employment for Executives and non-executive Directors are contained in formal written agreements.

The Managing Director's and Executives' performance is assessed after year end by the Board.

The Board Chair and all Non-Executive Directors, provide input on the Managing Director's performance, and the Managing Director provides an assessment of the other Executives. The assessment considers the Executives' contribution to the Bank's performance, including the impact on customers, people, and financial outcomes. In addition, performance against risk objectives is reviewed. To support this, the Chief Risk Officer provides a report containing risk scorecards for each Executive for the Board to consider. This assessment was undertaken during the year. For the 2021 financial year, a new reward framework was introduced for Executives. This resulted in a realignment of reward components and the removal of any short term incentive. The new reward framework consists of cash and long term equity awards. However the Committees can use their discretion to make any upward or downward adjustment to determine recommendations for the equity outcomes to the Board. This approach was chosen to enable unforeseen developments to be factored into the assessment and ensure any necessary risk and compliance adjustments occur at the Board's discretion.

The Board may also adjust the number of equity instruments that vest to take into account any unforeseen or unexpected circumstances and risk developments. The Board has absolute discretion to adjust variable remuneration to reflect:

- The outcomes of business activities
- The risks related to the business activities taking into account, where relevant, the cost of the associated capital
- The time necessary for the outcome of those business activities to be reliably measured
- Any provision outlined in the Clawback and Malus Policy.

This includes adjusting performance-based components of remuneration downwards, to zero if appropriate. On an annual basis the Governance and Human Resources Committee reviews the appropriateness of releasing deferred equity components taking into account the Group's performance outlook, risk profile and any other matter that might impact the reputation or financial soundness of the Group.

The remuneration policy mandates that Executives, and their closely related parties, may not enter into a transaction designed to remove the at-risk element

of equity-based pay before it has vested, or while it is subject to a trading restriction. The Bank treats compliance with the requirement as important and at the end of each year requires the individuals to confirm they have complied with the restriction. If the restriction is breached the individual will forfeit all equity-based remuneration that is subject to the prohibition at the time of the breach. Our trading policy also prohibits key management personnel and other Executives from using the Bank's securities as collateral in any margin loan arrangements.

In FY2021 the Bank also introduced a Minimum Shareholding Policy for executives and Non-executive Directors. This further strengthens their alignment with long-term shareholder interests.

With respect to the remuneration of non-executive Directors, there is no direct link between Non-executive Director fees and the annual results of the Group. Non-executive Directors do not receive bonuses or incentive payments, nor receive equity-based pay. However, Non-executive Directors can elect to sacrifice a portion of their fees into shares. Shareholders have previously approved an aggregate fee pool for non-executive Directors which covers payments (including superannuation) for the Board members and payments to the Bank's non-executive Directors appointed to subsidiary boards and the Community Bank National Council.

The Governance and Human Resources Committee recommends to the Board the remuneration arrangements for non-executive Directors. The base fee is reviewed and set annually by the Committee and the following considerations are taken into account:

- The scope of responsibilities of non-executive Directors and time commitments. This includes consideration of significant changes to the Group's operations and industry developments which impact workloads and responsibilities at the Board and committee level.
- Fees paid by peer companies and companies of similar market capitalisation and complexity, including survey data and peer analysis to understand the level of Director fees paid in the market, particularly in the banking and finance sector.

Non-executive Directors receive a fixed annual fee inclusive of superannuation. In relation to the superannuation contributions, non-executive Directors can elect to receive amounts above the maximum contributions limit as cash. The Chair receives a higher base fee in recognition of the additional time commitment and responsibilities of that role. No additional fees are paid for serving on Board Committees. Additional fees were paid to non-executive Directors appointed to the Community Bank National Council.

At the start of FY2021 the Chair's base fee was reduced by 5% on an ongoing basis. Further, all Directors, including the Managing Director, reduced their fees by 10% for the 6-month period following the AGM.

Diversity and inclusion

Creating a workplace where we belong

Our focus on diversity and inclusion is integral to how we serve our customers, grow our people and contribute to our communities. Our approach and commitment to diversity and inclusion is underpinned by our values of teamwork, integrity, performance, engagement, leadership and passion.

"Belonging at BEN" is the organisation's diversity and inclusion strategy across the 2019 – 2021 period. It is at the heart of our People and Culture vision, it is how we grow a community where people want to work, are valued and belong. The overarching aim of the diversity and inclusion strategy is to create a safe, inclusive and empowering environment where everyone can thrive and to harness the organisational performance benefits that come with a diverse and inclusive workplace. Our Diversity and Inclusion Policy is available on our website.

Our Diversity and Inclusion Approach and Progress

Our Diversity and Inclusion Policy requires the Board to set measurable objectives for achieving gender diversity and annually assess the objectives and our progress. The Board Governance and Human Resources Committee and the Executive Committee play an important role supporting the Board to carry out these responsibilities, along with our approach to diversity and inclusion and gender equality. Each Committee's role includes annually reviewing progress against our diversity and inclusion measurable objectives.

The 2019 - 2021 (calendar year) strategy has built upon the many years of focus in this area with a concerted shift to a broader approach to inclusion and diversity of thought, background and experience. Our current strategy includes five key enablers that will leverage our strengths and work to address our challenges. The strategy seeks to pursue diversity and inclusion actively at all levels of the organisation.

Focus area and objectives	Progress FY2021
Inclusion, Leadership Capability and Commitment <ul style="list-style-type: none"> · Create a safe, inclusive and empowering environment for all our people · Create a strong culture of inclusion, ready to reflect the communities we serve today as well as the ones in the future · Create a leadership mindset that seeks diversity and guards against unconscious or conscious bias 	<p>Our Inclusion Program is in good health with the following key achievements:</p> <p>The Belonging at BEN Hub is regularly promoted and features education and awareness enabling all our people to learn about and confidently engage with topics of inclusion. The site, has grown considerably and is accessible to all, includes resources about all our focus areas as well as personal stories of what it means to belong at BEN.</p> <p>An inclusion review of key People and Culture policies has been undertaken. Changes have included the use of inclusive language and case studies, contemporary representation of all family types and alignment to best practice to address systemic change. Our Family and Domestic Violence and Parental Leave Policies now stand alone and a new Gender Affirmation Policy including paid leave has been introduced.</p> <p>Our continued focus on an inclusive work environment concentrates on enabling inclusion in a hybrid COVID-19 working world and ongoing promotion of a culture of flex for all through stories of non-traditional flex roles such as males taking parental leave or carers of adults.</p> <p>Inclusion questions incorporated as part of Engagement Survey (Spark) have now provided us the opportunity to benchmark and measure progress over two years. Through driver analysis, inclusion was identified among the top seven engagement drivers that our people say we're performing well and will sustain Employee Net Promoter Score (eNPS) and Engagement.</p> <p>SPARK survey results will also be compared to Diversity Council Inclusion Index results in late 2021 and will provide a deeper understanding of inclusion across a wide range of demographic data.</p> <p>Our Leadership Framework and Program, LEAD BEN sets a foundation on leading inclusively and this year has been rolled out to 150 leaders including all senior and regional leaders. As an extension of this work we have begun Unconscious Bias and Inclusive Leadership education.</p>

Focus area and objectives	Progress FY2021
<p>Accessibility</p> <ul style="list-style-type: none"> · Build an Accessibility Confident organisation · Equip our people with the tools, resources and support they need to do their best work 	<p>In December 2019 we launched our first Access and Inclusion Plan in partnership with the Australian Network on Disability (AND) – developed through consultation with senior leaders and BEN Ability, our own employee access and inclusion network.</p> <p>We continue to implement direct actions from our Access and Inclusion Plan.</p> <p>Some highlights this year have included:</p> <p>The launch of our Dignified Access Resource (for premises) which ventures beyond building compliance to reflect BEN's commitment to providing a dignified experience when interacting with any BEN space or place.</p> <p>An Inclusive Recruitment Policy review removed unintended barriers resulting in all recruiters and marketers being educated in disability confidence.</p> <p>Barriers reduced for customers and employees including WCAG2.1 'A' compliance of our website.</p> <p>Dementia Australia Partnership: A year-long partnership involving the development of an eLearning course 'Better Banking for Customers with Dementia', future branch audits to assess our dementia friendliness and future education sessions.</p> <p>BEN Ability Network: This group has grown to over 100 members and has appointed two senior leader champions. Many members are actively engaged in providing feedback and lived experience on projects requiring an Accessibility lens.</p> <p>PACE Mentoring program: This program connects students and jobseekers with a disability to some of our leaders as mentors. The program builds disability confidence, tackles unconscious bias and develops leadership skills.</p> <p>In 2017 when we joined AND, we completed the Access and Inclusion Index. We underwent this process again this year to see how we have improved in this area. The Index provides us with an organisational measure across ten key accessibility areas, allows us to measure our progress and benchmark our results. We were pleased to see our progress across most of the ten key areas, noting our biggest improvements in the categories of Commitment, Communication and Marketing, and Recruitment and Selection. We also recognised opportunity for focus in Workplace Adjustments, Procurement and Technology.</p>
<p>LGBTQI+</p> <ul style="list-style-type: none"> · Create a safe, inclusive and empowering environment for our LGBTQI+ employees 	<p>We support the LGBTQI+ community, their families and allies inside and outside the Bank with a dedicated plan of action to deliver on our strategy.</p> <p>This year we were proud to launch our own Gender Affirmation Policy and Toolkit which includes discretionary paid leave. The guidelines highlight our commitment to our part in supporting any of our people affirming their gender and our gender diverse community here at BEN.</p> <p>We support events such as:</p> <ul style="list-style-type: none"> · International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT) · Wear It Purple Day · Trans Awareness Week <p>As part of this partnership, with Pride in Diversity we've co-hosted workshops, panel discussions, and networking opportunities exploring the challenges often faced by our LGBTQI+ employees, with practical guidance on being an ally for our LGBTQI+ employees.</p> <p>This year we participated in the Australian Workplace Equality Index (AWEI) for the first time. The AWEI is the national benchmark of lesbian, gay, bisexual, transgender and queer (LGBTQI+) workplace inclusion, and is the largest and only national benchmark to gauge the overall impact of LGBTQI+ inclusion initiatives on organisational culture.</p> <p>The result places us at approximately the median of the Banking and Financial Services sector and provides us with a roadmap of priorities as we aim to improve this baseline year on year.</p> <p>Building on the refresh of the BEN Pride Network, Kaleidoscope, we're also focused on:</p> <ul style="list-style-type: none"> · Supporting Bendigo Pride Festival · Developing a two-year LGBTQI+ strategy in consultation with local sub-committees and our Kaleidoscope network · The launch of our LGBTQI+ Allyship Guide · Continued participation and progression of our priorities for Australian Workplace Equality Index.

Focus area and objectives	Progress FY2021
<p>Cultural Diversity</p> <ul style="list-style-type: none"> · Increase the representation of people from culturally and linguistically diverse backgrounds in our workforce · Provide a culturally safe and inclusive workplace 	<p>We want to enhance inclusion for our culturally and linguistically diverse (CALD) employees and support all our people to perform at their best. Through our commitment to initiatives that encourage cultural diversity and support inclusion, we aim to have a workforce that reflects all walks of life.</p> <p>We're encouraging inclusive practices in the way we develop the skills, knowledge and experience of our people to help break down language and cultural barriers and provide fulfilling careers.</p> <p>Our commitment to scope the development of a new internal cultural inclusion strategy is on track, enabling us to demonstrate progress in line with our objectives, and focus on consultation with senior leaders, stakeholders and culturally diverse staff.</p>
<p>Indigenous</p> <ul style="list-style-type: none"> · Celebrate the culturally and linguistically diverse backgrounds in our indigenous workforce · Seek to improve banking experiences and employment outcomes for Aboriginal and Torres Strait Islanders 	<p>We're focused on promoting and practicing respect, building relationships and investing in development opportunities with, and for, Aboriginal and Torres Strait Islander employees.</p> <p>This year we're focused on:</p> <ul style="list-style-type: none"> · Establishing our inaugural Reconciliation Action Plan (RAP) for the Bank · Tracking our progress against our identified actions in the RAP.

Targets and progress on gender equality measurable objectives

We're focused on growing women at all levels of leadership so they can build on their skills and create career opportunities, not only for their personal development and our workplace, but to support a gender balanced community. 59.8% of our workforce is female, with 43% of leadership positions held by women including our Managing Director and Chair

of the Board, we have seen first-hand the benefits diversity has had on our business.

Aligned to the Workplace Gender Equality Agency (WGEA) occupational categories, the measurable objectives to be achieved by FY2021 are set out in the table below, together with our progress to date. The targets and percentages achieved are for the Group.

WGEA category	2017	2018	2019	2020	Progress from 2020-2021	2021	2021 Target
Bendigo and Adelaide Bank Board	33.3%	33.3%	37.5%	37.5%	-	37.5%	33% (maintain at least)
Chief Executive Officer	0.0%	0.0%	100%	100%	-	100%	n/a
Executive Key Management Personnel	44.4%	37.5%	33.3%	28.6%	-	28.6%	40%
Other Executives/ General Managers	21.8%	24.8%	28.3%	33.9%	↑0.9%	34.8%	40%
Senior Managers	30.0%	30.1%	30.2%	34.5%	↑0.8%	35.3%	
Total Senior Management	28.5%	29.1%	30.1%	34.4%	↑0.9%	35.3%	
Middle and Frontline Management Other Managers	44.5%	45.0%	44.6%	47.2%	↑0.7%	47.9%	50%
Total Managers	40.7%	40.6%	40.3%	43.6%	↓0.4%	43.2%	45%
Total Other Employees	66.9%	66.6%	66.1%	66.1%	↓2.0%	64.1%	n/a
Total Employees	61.6%	61.3%	60.7%	60.5%	↓0.7%	59.8%	40-60%

We have successfully met the objectives for two of the six cohorts (Board and Total Employees) falling short in the Executive, Senior Manager, Frontline and Total Manager categories.

It is worth noting that progress occurred in all categories (excluding Executive and Board) between 2019-2020. Significantly we grew the senior leader cohort by more than 4% which was particularly pleasing given this cohort had minimal shift in prior years. This is a proof point of the years of work we have undertaken to address and track practices that may have hindered career progression for women.

This year's progress has been relatively flat overall and has resulted in an agreement to place greater emphasis on Divisional KPIs. Divisional KPIs to track female participation have now been in place for over 12 months. The purpose of this was to enable gender equality to be 'part of the business strategy' rather than 'in addition to' allowing a tailored approach in addressing and tracking practices that may hinder

career progression for women to move into Senior Leadership roles.

The Women in Leadership Measurable Objectives were set for the period FY2019-2021 and are now due to be reset. As the timing of these measurable objectives does not align with the timing of the Belonging at BEN Strategy, which is entering into its final year, all gender equality measurable objectives have been endorsed to be carried over for 12 months noting that development of new measurable objectives will form part of our consultation process for the next Belonging at BEN strategy.

Further to our objectives for achieving gender diversity, in July 2019 the Board endorsed an additional set of measurable objectives for 2019-2021. The agreed measurable objectives and our progress is detailed in the following table:

Measure	Target	Achievements
Gender representation by leadership level, by division	Baseline and aim for growth	<ul style="list-style-type: none"> Divisional baseline set March 2020, and tracked with 41% of agreed KPIs being met. 53% of measures to aim for growth were achieved. Divisional People Plan includes a Gender Equality Focus. Deep Dives conducted with 4 divisions with a focus on Recruitment Strategy, Employee Value Proposition (EVP), representation in key decision forums, successors, sponsorship of female talent, and gender lens through performance, talent and reward processes.
Pay equity	Baseline and aim to reduce any gaps	<p>Baseline and comparison to 2020 completed. The gender pay gap is closing as a result of:</p> <ul style="list-style-type: none"> Hiring practices – Robust processes to ensure women are hired at market remuneration rates equivalent to male peers. Remuneration Review philosophy – women low in their remuneration range are being specifically targeted for uplift and calibration reporting is validating that high performing women are rewarded at a similar level to their male colleagues. Greater visibility through WGEA reporting and projects led by the Diversity and Inclusion team.
Participation at Senior Leadership level	Address and track practices that may hinder career progression for women to move into Senior Leadership roles	<p>Women in Leadership Divisional KPIs and Gender Equality plans in place and supported by:</p> <ul style="list-style-type: none"> Gender Equality Toolkit. Divisional consultation with divisions yet to achieve organisational target. Women in Leadership Program. Influential Women in Business Masterclass Series.
Successfully attain WGEA Employer of Choice for Gender Equality	Successful achievement	<p>We have undertaken a detailed analysis of the current Diversity and Inclusion benchmarking tools. Based on a comprehensive review a decision was made to not proceed with the WGEA Employer of Choice citation and instead participate in the DCA Inclusion Index. This index covers all aspects of our Belonging at BEN strategy, as opposed to just gender which is the case with the WGEA citation.</p>

Under the Workplace Gender Equality Act, we are required to make annual public filings with WGEA, disclosing the 'Gender Equality Indicators'. These reports are filed annually in respect of the 12 month period ending March 31.

The latest filing is available on our website. We have made positive progress over many years focusing on the diversity of our people and we continue to be committed to having a more diverse and inclusive workforce.

Managing risk

Risk Appetite

In accordance with prudential requirements, the Board sets and approves the Group's risk appetite and risk management strategy as part of its overall Group strategy.

All material risks are managed within a defined risk appetite which is aligned with the Group strategy and business objectives. The Board's risk appetite for its material risks are documented in the Group's Risk Appetite Statement (RAS). The Group's RAS is reviewed, updated and approved annually by the Board.

Risk management framework

We have in place a Group risk management framework, approved by the Board, which forms part of the detailed description of the risk management strategy for the Group. Our business is exposed to a broad range of financial and non-financial risks.

The Group Risk Management Framework in combination with the following individual risk management frameworks, details the Group's management approach for each of its material risks:

- Group Credit Risk Management Framework
- Group Operational Risk Management Framework encompassing Data Risk, Technology Risk, Compliance Risk, Financial Crime Risk, Third-party Supplier Risk and Conduct Risk
- Group Interest Rate Risk Management Framework
- Group Traded Market Risk Management Framework
- Group Liquidity Risk Management Framework
- Strategic and Other Risks - incorporated in the Group Risk Management Framework (Summary).

A number of sub-frameworks exist beneath these frameworks to support and provide greater detail on specific risks within the Group's material risks. Examples include conduct risk, data risk and technology risk, which fall under the Operational Risk Management Framework.

The Risk Management Framework is reviewed annually to ensure it continues to be adequate and that the Group is operating with consideration of the risk appetite set by the Board. The review is undertaken by the Risk Committee and the Financial Risk Committee with any changes recommended to the Board for adoption. The Board also makes an annual risk management declaration to APRA in line with APRA Prudential Standard CPS 220 Risk Management.

Following the 2021 review of the risk management framework, the Board considered the framework to be adequate and operating effectively to manage the financial and non-financial material risks faced by the Group.

Risk Culture

The Group's risk culture (being a subset of broader enterprise culture) plays a key role in managing risk.

An effective risk culture is critical for the Group to deliver its strategic objectives and operate within its risk appetite. The Board, Executive and senior management play a pivotal role in establishing the target risk culture state which guides and prioritises risk culture specific initiatives and assists the Board and Executive to form an aligned view of risk culture and its drivers.

Risk management governance

The Board oversees the risk management strategy and framework taking into account the risk appetite, prudential capital requirements and strategic and business priorities of the Group.

This includes forming a view of risk culture in the Group, approving the risk appetite, capital management plan, funding strategy, changes to the risk management framework, and monitoring the effectiveness of risk management.

The following management committees also assist in relation to risk management:

- Executive Committee
- Operational Risk Committee
- Asset and Liability Management Committee
- Management Credit Committee
- Rural Bank Management Credit Committee
- Risk Models Committee
- Group Work Health and Safety and Security Management Committee

The Management Committees are supported by several management sub-committees.

The Group adopts a "Three Lines of Defence" model, which includes:

- Ownership (First Line): the first line of defence is the business itself. The day to day responsibility for managing risk rests with the Executive

management team and business units. The Executives are responsible for implementing the risk management strategy and developing strategies, policies and controls to manage risk in line with the Group's risk appetite. The business divisions are responsible for identifying, assessing and implementing systems and controls to manage the risks associated with business activities.

Challenge and oversight (Second Line): the second line of defence is Group Risk. Group Risk provides oversight and challenge to the first line. The second line of defence has independent oversight of the Group's risk profile as well as the development and enhancement of the Group risk management framework, policies, systems and processes, as well as monitoring compliance and reporting. The Group Risk functions include credit risk, operational risk, financial crime risk, financial risk and modelling, and risk governance and analytics.

Independent assurance (Third Line): the third line of defence is the Group Assurance function (internal audit) which conducts independent testing and verification of the effectiveness of internal controls and provides assurance that the risk management process is functioning as designed. The Head of Group Assurance has a reporting line to the Audit Committee and an administrative reporting line to the Managing Director.

Environmental and social risks

Our environmental and social risks and how we manage, or intend to manage them, are discussed on the following page. Further information is set out in our 2021 Sustainability Report which is available on our website.

Sustainability Report

In FY21 we commenced reporting on our material environmental, social and governance topics in our Sustainability Report. The content is guided by an externally supported materiality assessment and aligned to the Global Reporting Initiative Standards and the United Nations Sustainable Development Goals.

Customers	<ul style="list-style-type: none"> • Maximising value and satisfaction for customers • Customer access and inclusion • Customer wellbeing, vulnerability, hardship and resilience • Responsible lending • Access to finance for housing
Community	<ul style="list-style-type: none"> • Engaging with and contributing to communities • Thriving regional and rural communities • Indigenous inclusion
Environment	<ul style="list-style-type: none"> • Climate change • Sustainable financing • Operational environment performance and commitments
People	<ul style="list-style-type: none"> • Employee engagement and culture • Talent attraction and retention • Employee development and capability • Diversity and inclusion • Employee safety and wellbeing
Governance	<ul style="list-style-type: none"> • Business conduct and ethics • Engaging and responding to the regulatory environment • Customer privacy and data security • Fraud and financial crime • Responsible remuneration • Managing our supply chain

Environmental risks

Environmental risks include the risks of adverse consequences of our direct impact on the environment and our indirect impact through our business operations. Environmental and climate change risks impact our customers, the communities in which they live and the industries in which they earn a livelihood. We support long term strategies that aim to reduce our environmental footprint and our exposure to climate change risks. We have commenced implementation of our Climate Change Action Strategy following the recent adoption of our Climate Change Policy Statement which identifies the key focus areas in our Climate Change Action Plan.

Our Climate Change Policy Statement is:

"We recognise climate change has far-reaching risks for the environment, the economy, society, our customers, their communities and in turn, the Bank. We support the Paris Agreement objectives and the required transition to a low carbon economy. We are committed to playing our part in this transition. We will work to build climate mitigation and adaption into our business and work to assist our customers and their communities to build climate resilience into their futures."

Our business is therefore committed to:

- Actively identifying opportunities and setting targets to improve the environmental impact of our operations and educating our staff to realise these opportunities.
- Learning from best practices to reduce our environmental footprint.
- Engaging with our staff, customers, partners, shareholders and communities to share our understanding of climate change impacts and to identify opportunities for climate change solutions.
- Optimising our climate change risk governance by embedding climate change risk into our risk management, strategy and business planning processes.
- Building a culture of commitment and accountability among our workforce to implement our climate change action plan.
- Measuring and reporting our climate related metrics and our performance against them.
- Working with staff, customers, partners and supply chain stakeholders to make a difference.

We are maturing our approach to reporting while we build our knowledge and implement our action strategy. We have undertaken pilot stress testing of part of our residential and agribusiness portfolios, and will further build this as part of implementing our Climate Change Action Plan. We also aim to build resilience into our business model through embedded climate risk analysis for lending policy and by growing diversification of revenue streams. We are undertaking climate scenario analysis to assess potential risks and opportunities and integrating the outcomes into our business planning. We recognise that environmental and climate-related risks will have a material impact on the communities and businesses we operate in and we are committed to implementing our approach to climate governance, strategy, risk management, metrics and targets in line with the recommendations of the Task Force on Climate-related Financial Disclosures.

We are committed to the outcomes of our Climate Change Action Plan. More information is available on our website.

Social risks

The Bank's vision is to be Australia's bank of choice and we are driven by our purpose to feed into the prosperity of customers and communities. While the Bank's expertise is financial services, managing social risk and contributing to sustainability provides a strong and stable foundation for everything the Bank does. Executing on this is critical to success and enables the Bank to maintain and develop trust in its ability to deliver solutions that benefit all key stakeholders. There are numerous examples of how the Bank works to mitigate and help resolve various social risks impacting its key stakeholders.

Supporting customers through COVID-19

COVID-19 has had a significant impact on Australians in how they live their lives, how they work and how they manage their businesses. The Bank is fully committed to supporting its customers and communities through this unique time, with measures designed to provide financial relief from COVID-19, as restrictions change and the economy recovers.

More than 25,000 personal and business customer accounts have been provided with support to help customers manage the impacts of COVID-19 through to the end of FY21. During the pandemic, we contacted our business and agribusiness customers individually to understand the impact on their operations and to inform them of the support available from both the Bank and the Australian Government.

Throughout the pandemic, the Bank introduced a range of assistance measures to ensure short and long term support for business, consumer and agribusiness customers affected by COVID-19.

Managing supply chain

The Bank partners with suppliers to ensure stakeholder value is maximised on a sustainable basis. We are focused on understanding how environmental, social and governance risks might impact their business

operations and will work together to address potential issues. The Bank continues to engage with its critical suppliers to ensure their preparedness to meet potential disruptions to their business operations.

The Bank remains committed to the ongoing support of Australian business, industries and employers, which contributes to a strong economy, business sustainability, and ongoing employment.

Anti-Modern Slavery

The Bank's Anti-slavery and Human Trafficking Policy outlines the Bank's principles and practices which are designed to reduce the risk that slavery or human trafficking are present within its supply chain or operations. The Bank's policy has been formulated to comply with the Commonwealth Modern Slavery Act 2018, which requires the Bank to publish an Annual Modern Slavery Statement approved by the Board. We lodged our first Statement in December 2020 and it is available on our website.

Responsible Investment

The Bank takes an ethical approach to its investment activity. Aligned with its purpose, the core focus and proposition of investment has always been on communities and community-based lending rather than on large corporations. As an example, the Bank's Community Bank model sees revenues returned to communities in which those profits are generated, backed by local governance to ensure decisions are made ethically and sustainably. Some other examples include:

- We don't lend directly to projects in the fossil fuel or native forest logging sectors and will not start to do so. We do however recognise that there are individual and business customers and their communities which rely on such projects for their livelihood and economic sustainability. The Bank will continue to provide finance and other services to those individuals and businesses who may provide support to those sectors.
- The Bank's Animal Welfare and Livestock Farming Policy Statement, which outlines the Bank's expectation of customers working with animals and livestock on farms. The Bank always encourages, and where possible, positively influences sustainable farming practices across the agricultural supply chain, prioritising animal welfare and supporting sustainable livestock farming practices.
- Through Sandhurst Trustees, the Bank's wealth management arm, the Bank offers customers a socially responsible investment growth fund which is available for direct investment or via its Bendigo SmartStart Super® product.

Anti-bribery and corruption

As noted above, the Bank's Anti-bribery and Corruption Policy outlines its intent to not engage in bribery or corruption and to comply with State and Federal anti-bribery and corruption laws. The policy provides clarity in relation to the Bank's expectation about standards of conduct of all staff in respect to bribes and corruption, gifts and entertainment, political donations and inaccurate records.

About our front cover

This year's cover page is dedicated to the resilience, professionalism, and dedication of our people. Without their expertise and efforts, the results and achievements outlined in this document would not have been possible, and importantly, our Bank would not have been able to support our customers, communities and all stakeholders to the extent we have.

Jess Brawn is a Local Engagement Officer at our Mitchell Street branch in Bendigo. Like many of our frontline staff, Jess has been a friendly face for customers – and connection for our communities – as they navigated the uncertainty of the last 18 months. Jess and the team have ensured the highest levels of safety and hygiene in their branch so that customers can continue to access essential banking services.

Jess works in one of our reimagined branches that brings together our customer, community and digital strengths to reimagine banking for the future. Our Mitchell Street branch includes space for retail pop-ups where local businesses can showcase their products and services.

As a purpose-led organisation, our business attracts people who are passionate about community. Throughout COVID-19, our people have been experiencing the same challenges as the wider community, but their adaptability and passion have seen them prioritise the needs of our customers and communities, ultimately contributing to Australia's economic recovery and ongoing resilience.

We know that when we support and invest in our people, our customers, communities and stakeholders benefit the most.

Contact Us

Bendigo and Adelaide Bank Limited
ABN 11 068 049 178

Registered head office
The Bendigo Centre
Bendigo VIC Australia 3550
Telephone: 1300 236 344
+61 3 5445 0666 (if calling from overseas)

Shareholder Enquiries
Share Registry 1300 032 762
Email: BEN@boardroomlimited.com.au

Australia's Bank of Choice

Corporate Governance Statement 2021
Bendigo and Adelaide Bank Limited.
ABN 11 068 049 178