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Corporate
Governance
Statement
2017

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Introduction - Our Group Strategy

The context for our approach to corporate governance is our vision, point of difference, values and purpose.

Our vision

Our vision is to be Australia's most customer connected bank.

Our values

- Teamwork: We are one team with one vision. We work together, encourage diversity and respect the unique contribution of each individual.
- Integrity: We build a culture of trust. We are open, honest and fair.
- Performance: We strive for sustainable success. We seek and provide feedback and find a better way.
- Engagement: We listen, understand – then deliver. We build our success through the success of others.
- Leadership: We all lead by example. We show initiative, are accountable and empower others.
- Passion: We believe in what we do and are proud of our Bank.

"As a bank, we have a privileged status in the community. We believe that it's important for the community to trust banks and feel confident that they will act fairly and transparently. Our Bank believes that our actions define who we are. It's in how we practice banking, in the culture we encourage for our people, and in our conduct with customers, that we are put to the test."

Mike Hirst, Managing Director

Our point of difference

Our point of difference is to focus on the success of customers, people, partners and communities by:

- Taking a 100 year view
- Listening and responding
- Respecting every customer's choice, needs and objectives
- Partnering for shared success
- Working together as one team

Our purpose

Our purpose is what brings it all together, the written expression of our company's long-held philosophy. It articulates why we're here, what we believe in, and why we do and say the things we do.

- As a bank we are good with money. But it's bigger than that. We are more interested in the good money can do.
- We care about people and what they care about. People should be treated fairly and decently no matter their circumstances.
- We know people with a purpose make great things happen.
- Community is as important to us as it is to its members.
- We strive to create and share value with everyone connected with our business.
- We weigh all our decisions because they affect the future we help to create.
- Our actions define us more than our words will.

Our governance framework provides a system for the oversight of decision-making, actions and behaviour to make sure we live our values, focus on our point of difference and align with our purpose.

Overview

In setting up our corporate governance framework and reviewing and enhancing it we have taken into account APRA standards and guidance and ASX Corporate Governance Council Principles and Recommendations.

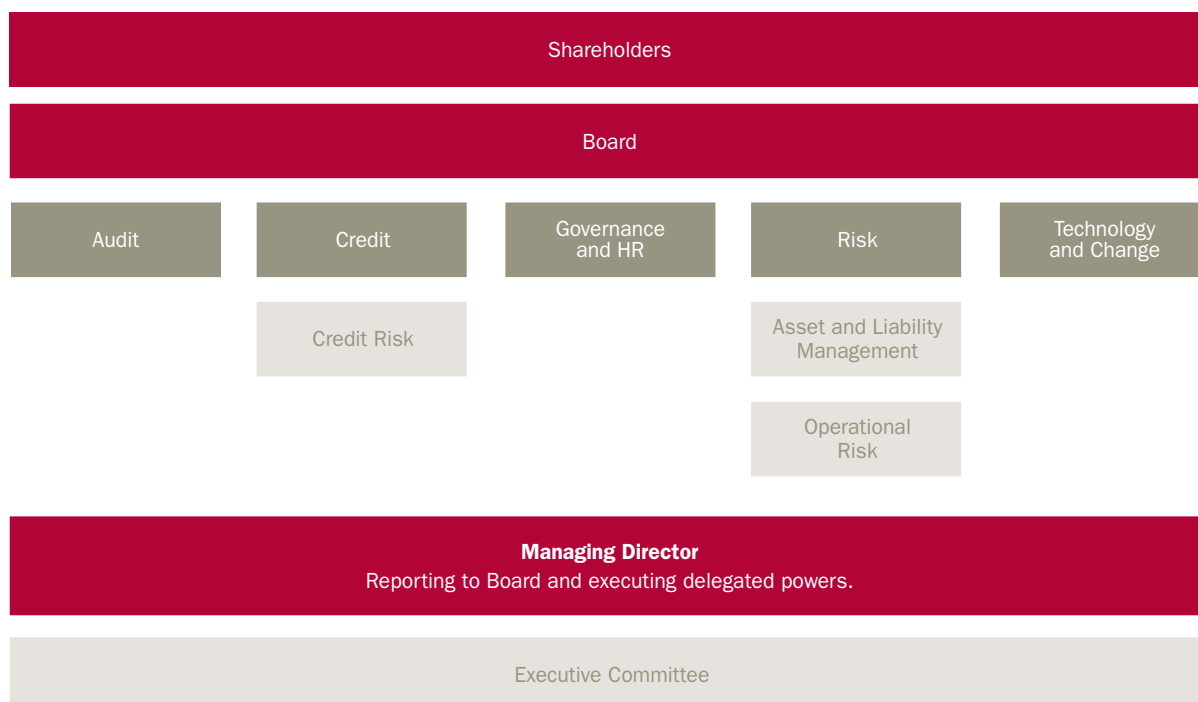
For the whole of the 2017 financial year, as in previous years, we adopted all of the ASX Corporate Governance Council's Recommendations. A summary of the ASX recommendations and our adoption of them, together with a copy of the policies and other documents referred to in this report, are available at



http://www.bendigoadelaide.com.au/public/corporate_governance/

This corporate governance statement is accurate and up to date as at 5 September 2017 and has been approved by the Board.

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).



-  Board Committees
-  Management Committees

About our board

Our Directors

Our Directors and their Board committee roles are set out below.

More information about each Director is in the Directors' Report in the 2017 Annual Financial Report (available from our website).

Robert Johanson

Independent Chair
BA, LL.M (Melb), MBA (Harvard),
66 years

Appointed: 1988
(Chair from 2006)

Last re-election: 2016

Committees:
Governance and HR,
Technology and Change

**Group and Joint
Venture
Directorships:**
Rural Bank and
Homesafe
Solutions (Chair)



Mike Hirst

Managing Director
BCom (Melb), SFFin, MAICD,
59 years

**Appointed as Managing
Director:** 2009
(employee from 2001)

**Group and joint
venture Directorships:**
Rural Bank



Jan Harris

Independent
BEd (Hons),
58 years

Appointed: 2016

Committees:
Audit, Risk

**Group and joint
venture Directorships:**
Rural Bank



Robert has experience in banking and financial services and expertise in corporate strategy, capital management, risk management and mergers and acquisitions. He has over 35 years' experience in providing corporate advice on capital market transactions to a wide range of public and private companies

Robert was a member of the Takeovers Panel, deputy Chancellor of the University of Melbourne and chair of the University's investment fund.

Current Director and memberships:

Chair, Australia India Institute, MBD Energy Limited

Director, Robert Salzer Foundation Limited, NeuClone Limited, Grant Samuel Group Pty Limited

Mike joined the Group when he was appointed as a Director of Sandhurst Trustees Limited (a wealth management subsidiary of the Bank) in 2001 and he became an employee of the Bank later in 2001. Mike has extensive experience in banking, treasury, funds management and financial markets.

Mike's previous roles include senior executive and management positions with Colonial Limited, Chase AMP Bank Limited and Westpac Banking Corporation.

Current Director and memberships:

Member, Business Council of Australia, Financial Sector Advisory Council, MasterCard (Asia-Pacific) Advisory Board

Deputy Chair, Australian Bankers' Association Council

Acting Chair, Racing Victoria Limited

Jan has had a distinguished career in the Australian public service with broad experience in public and regulatory policy development, economics and governance.

Jan has held senior roles in the Department of the Treasury and the Department of the Prime Minister and Cabinet, including as Deputy Secretary of the Treasury. Jan was a member of the Council of Financial Regulators, the Centre for International Finance and Regulation, the Financial Sector Advisory Council and the board of the Australian Reinsurance Pool Corporation.

Current Director and memberships:

External Member, Audit and Risk Committee, Australian Security Intelligence Organisation

Member (part-time), International Air Services Commission

"I feel privileged to be a member of the Bendigo and Adelaide Bank Board. The Bank is unique – it is making a difference in Australian communities. Among other things, I know this from my experience as Chair of the first Community Bank® company when it opened branches in Rupanyup and Minyip. Opening the branches breathed life back into these two Wimmera towns. At Bendigo and Adelaide Bank, we strive to create and share value with everyone connected with our business. Our Board is fully committed to our purpose."

David Matthews, Non-Executive Director

Jim Hazel

Independent
BEc, SFFin, FAICD,
66 years

Appointed: 2010

Last re-election: 2016

Committees:

Risk (Chair), Technology
and Change, Credit

Group and joint

venture Directorships:
Rural Bank



Jim is a professional public company Director who has had an extensive career in banking and finance, including in the regional banking industry.

Other Director and memberships:

Chair, Ingenia Communities Group Limited

Director, Centrex Metals Limited;
Adelaide Football Club Limited,
Motor Accident Commission,
Coopers Brewery Limited

Council Member, University of
South Australia

Jacqueline Hey

Independent
BCom (Melb), Graduate Certificate
in Management (Southern Cross
University), GAICD, 51 years

Appointed: 2011

Last re-election: 2014

Committees:

Technology and Change
(Chair), Credit,
Governance and HR

Group and

joint venture
Directorships:
Rural Bank



Jacque has experience in information technology, telecommunications and marketing, including as CEO/Managing Director of Ericsson in the UK and in Australia. Jacque worked with Ericsson for more than 20 years in finance, marketing and sales and in leadership roles in Australia, Sweden, the UK and the Middle East.

Other Director and memberships:

Director, Qantas Airways Limited,
Australian Foundation Investment
Company Limited, AGL Energy
Limited, Cricket Australia, Melbourne
Business School

Robert Hubbard

Independent
BA(Hons) Accy, FCA,
58 years

Appointed: 2011

Last re-election: 2016

Committees:

Audit (Chair), Risk

Group and joint venture

Directorships:
Rural Bank



Rob is an accountant and auditor based in Queensland. He retired as a Partner of PricewaterhouseCoopers in March 2013 after 22 years practising in the areas of corporate advice and audit, where he was the auditor of some of Australia's largest listed companies. Rob is now a professional Non-executive Director.

Other Director and memberships:

Chair, Orocobre Limited, Central
Petroleum Limited

Director, Primary Health Care Limited

Our Directors (continued)

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David Matthews

Independent
Dip BIT, GAICD,
59 years

Appointed: 2010

Last re-election: 2016

Committees:
Audit, Credit

**Group and joint
venture Directorships:**
Rural Bank,
Community Bank®
National Council



David operates a farm and grain export business based in the Wimmera region of Victoria. David has involvement in a number of agricultural industry bodies. David chaired the first Community Bank® company in Rupanyup and Minyip.

Current Director and memberships:

Director, Pulse Australia, Australian Grain Technologies, Rupanyup/Minyip Finance Group Limited (Rupanyup/Minyip Community Bank® branch)

Deb Radford

Independent
BEC, Graduate Diploma Finance & Investment, 61 years

Appointed: 2006

Last re-election: 2015

Committees:
Credit (Chair),
Governance and HR,
Technology and Change

**Group and
joint venture
Directorships:**
Rural Bank



Deb has over 20 years' experience in the banking industry with both international and local banks. Deb also worked in the Victorian State Treasury, and ran her own consulting business between 2001 and 2007 advising the government on commercial transactions.

Current Director and memberships:

Council Member, La Trobe University

Tony Robinson

Independent
BCom (Melb), ASA, MBA (Melb),
59 years

Appointed: 2006

Last re-election: 2015

Committees:
Governance and HR
(Chair), Audit, Risk

**Group and
joint venture
Directorships:**
Rural Bank



Tony has many years' experience in financial services, particularly wealth management and insurance. Tony's previous roles include CEO of Centrepont Alliance Limited, IOOF Holdings Limited and OAMPS Limited.

Current Director and memberships:

Chair, TasFoods Limited and Primary Opinion Limited
Director, Pacific Current Group Limited and PSC Insurance Group Limited

All of our Directors, with the exception of our Managing Director, are non-executive Directors. The Board assesses the independence of each non-executive Director on an annual basis and, for 2017, assessed each non-executive Director as independent. For these purposes, an independent Director is a non-executive Director who is 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.

There were no relevant relationships to consider for any Director other than Mr Johanson, having regard to his length of tenure of 29 years. The Board assessed Mr Johanson as independent on the basis that he continues to test and challenge senior management constructively and always exercises independent judgment on matters presented for Board decision.

The role of our Board

The Board has the following key responsibilities. More information is in the Board charter (available from our website).

Vision, point of difference, values and purpose: This includes setting the Vision, Point of Difference, Values and Purpose, and in doing so, setting the corporate culture.

- **People:** This includes responsibilities in relation to the Managing Director, Executives, remuneration, diversity and workplace health and safety.
- **Business, operational, financial:** 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, capital adequacy, capital management, and the effectiveness of risk management. It also includes considering recommendations from the Credit Committee including approving the credit risk management strategy and framework and the credit risk appetite. As well, the Board oversees technology risk management and information security.

The Board has delegated management responsibilities to the Managing Director. It has reserved some key responsibilities for the Board and Board committees, including corporate governance, and responsibilities of the Board under the Board charter, those delegated by the Board to a Board committee, and responsibilities otherwise required by the constitution or legal and regulatory requirements to be exercised by the Board. The Board also reserves for itself matters above specific delegation limits – including financial, credit 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 across the Board and share responsibility. As well, overlapping memberships take into account where matters raised in one committee may have implications for another. Membership is reviewed on an annual basis.

The Board receives the minutes of all committee meetings at the following Board meeting as well as a verbal report from the 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 at those meetings, is presented in the Directors' Report in the 2017 Annual Financial Report (available from our website).

The key functions of each Board committee is set out below. The charter for each committee and the procedural rules applying to all committees are available from our website. Under the procedural rules, each committee must be composed of at least three members, a majority of independent directors (and, with the exception of the Technology and Change Committee, all non-executive directors), and an independent Chair.

Audit	Credit	Governance and HR	Risk	Technology and Change
<p>Assistance to the Board in relation to each of the following.</p> <ul style="list-style-type: none"> • External audit, including prudential audit requirements. • Internal audit and credit risk review function (Group Assurance). • Statutory financial and prudential reporting, including financial reporting principles, policies, controls, and procedures. • The effectiveness of the internal control and risk management framework. 	<p>Assistance to the Board by monitoring the credit risk profile and overseeing the implementation of the credit risk management strategy and framework.</p> <ul style="list-style-type: none"> • Monitoring the credit risk culture. • Reviewing the credit risk appetite and making recommendations to the Board. • Monitoring changes to, and continuing appropriateness of, the delegated lending authority framework. • Monitoring outcomes of credit tolerance testing. 	<p>Assistance to the Board in relation to each of the following.</p> <ul style="list-style-type: none"> • Board nomination matters, including renewal, succession, performance and remuneration. • Corporate governance, including governance developments and the corporate governance statement. • Human resources matters, including employee engagement, retention, wellbeing, development, diversity and workplace health and safety. • Remuneration, including the remuneration policy, risk, equity-based remuneration and the remuneration report 	<p>Assistance to the Board through each of the following.</p> <ul style="list-style-type: none"> • Oversight of the risk profile and implementation of the risk management strategy and framework. • Advising the Board on the risk appetite settings. • Monitoring the following: <ul style="list-style-type: none"> • Risk culture. • Compliance with risk management policies, limits and tolerances. • The Group's operational risk profile. • Insurance coverage. • Significant litigation. 	<p>Assistance to the Board through each of the following.</p> <ul style="list-style-type: none"> • Oversight of the Group's information technology strategy, performance and risk management. • Monitoring the technology architecture and strategy and implementation of major change initiatives. • Oversight of IT risk management and information security, the management of technology assets and the governance of sourcing partnerships.

Board composition - what we look for in our Directors

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Having regard to our vision, point of difference, values and purpose, the individual attributes of each Director are as critical as the skills they bring.

There is an expectation that each Director should be able to demonstrate sound business judgment, a strategic view, integrity, preparedness to question,

challenge and critique and leadership qualities. At a collective level, we look for a diversity of skills, knowledge and experience to enable the Board to provide the oversight needed to develop and achieve our strategy. We also seek diversity in gender and geographic representation. As well, 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 as well as knowledge of the industry and markets in which the business operates. Our Directors must also have a good understanding of each of the major business units to enable them to monitor effectively the implementation of the strategy and performance of the business.

The Board has developed a skills matrix, updated during 2017, to help in assessing and making sure the composition of the Board meets the needs of the Group.

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 perspective on implementing our business plans and strategy.

Corporate and business strategy

Experience in the development of strategy and oversight of implementation

This 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

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 integrity of financial reporting.

Risk management

Ability to understand risk culture and 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 a system for the oversight of decision-making, actions and behaviour to make sure we live our values, focus on our strategy and align with our purpose, as well as promoting investor confidence.

Public and regulatory policy

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

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 the organisation's success.

Technology and innovation

Experience in information technology systems, digital channels and information security or experience in technology governance

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

The Board regularly reviews the skills, knowledge and experience represented on the Board against the skills and experience needed to deliver the strategy. From the review in 2017, the Board is satisfied with the current composition of the Board. The skills, knowledge and experience in the current matrix is presented below, together with explanatory information.

Banking and financial services

Experience in significant components of the banking and financial services industry such as retail banking, funds management, superannuation, financial advisory and treasury functions

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

Experience in specialist areas such as agriculture, marketing, e-commerce and social media

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

Board renewal and re-election of Directors

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The Board is committed to a process of orderly succession, aiming for a blend of tenure and renewal.

Succession planning is an ongoing process, with the Board discussing succession planning for its members and the Chair regularly and robustly. The current Chair, Mr Johanson, is not proposing to seek re-election when his current term ends in 2019.

The process to appoint a new Director is overseen by the Chair and Governance and HR Committee. The Governance and HR 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 and experience and tenure on the Board, and assessing and recommending candidates for appointment to the Board.

The Board engages 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

As well, Directors (and senior managers and the lead auditor) must meet fit and proper standards under our Responsible Persons Policy (available from our website), which addresses the requirements of APRA's Prudential Standard CPS520 "Fit and Proper".

Directors (and senior managers and the lead auditor) are assessed before appointment, and then annually to make sure that they have the competencies, character, diligence, honesty, integrity and judgment needed for the effective and prudent operation of the Bank. The policy requires the completion of a number of competency, background and probity checks as part of the assessment process to confirm the person's character, experience and qualifications.

A Director appointed by the Board must seek election at the next annual general meeting after appointment. In the absence of a Director seeking election or re-election, the Board considers the contribution of the Director, the annual performance assessment, the fit and proper assessment, the skills and experience needed on the Board and the skills and experience currently represented on the Board.

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, a statement about the Director's independence and a statement about the Board's support for the Director's re-election.

Appointment and equipping Directors to perform their role

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Each non-executive Director enters into an appointment letter that covers the Director's role and responsibilities, time commitments, induction and ongoing education, performance, remuneration, disclosure of outside interests, independence, privacy and confidentiality.

As well, arrangements for access, 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 and senior management. There is also an induction program for each committee a Director joins.

As well, there is an expectation that Directors educate themselves on an ongoing basis to make sure they can effectively perform their duties. There is a procedure for attending external programs at the expense of the Bank. The Board receives regular briefings and presentations from executives, senior management and industry specialists on relevant industry, regulatory and corporate developments.

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. The Board may also request briefings on relevant matters from members of the senior management team.

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 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 meetings. The external auditor may also request to meet with the Board.
- The Head of Group Assurance has a direct reporting line to the Audit Committee and an administrative appointing line to the Company Secretary. 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 all Risk Committee and Credit Committee meetings and may request to meet with either committee.
- The Head of People and Performance may request to meet with the Governance and HR Committee about work health and safety.

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 assessment of Board, Directors and Board Committees

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Board and Directors

The Board reviews its performance, and the performance of individual Directors, every year. This may be 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 involves 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 Board as whole to discuss feedback about the Board as a whole. During that discussion the Board also sets the Board's goals and objectives for the following financial year. The non-executive Director nominated by the Board 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 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 Chair performance).

Last year the process involved an external review and this year the performance review was led by the Chair, with a focus on Board structure, role, skills and experience, monitoring business performance and the performance of management, Board meeting effectiveness and interactions and current strengths and opportunities for improvement.

Board Committees

The review of Board Committees is conducted every second year. This is to enable a greater degree of focus on the Board as a whole and individual Director performance in alternate years. This year a review of all Board Committees was conducted.

The process is similar to the Board process described above. The Chair of each committee leads the review and also the discussion of outcomes in the committee, followed by the discussion in the Board meeting.

About 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 through the following.

- **Our announcements to ASX** – and the policies that guide this – our continuous disclosure policy and communications policy
- **The shareholder 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, shareholder privileges and the annual general meeting.
- **Our share registry team** – we are one of the very few listed companies with an in-house team helping our shareholders with their enquiries about their shareholdings.

"We value our shareholders' support in providing capital to enable us to pursue our vision of being Australia's most customer-connected bank. We strive for sustainable success for our shareholders. We do this by focussing on the success of customers, people, partners and communities. This is our business model. It is our point of difference. It is what enables us to take a 100 year view."

Robert Johanson,
Board Chair

- **Our annual general meeting** – shareholders can attend in person or by proxy or watch the meeting through a live webinar.
- **Our investor relations team** – our team is committed to engagement with the investment community, telling our story and communicating our unique point of difference.
- **Our financial reporting and statutory reporting, annual shareholder review, shareholder newsletters and this corporate governance statement.** We discuss integrity of reporting in more detail in the next section.

ASX Announcements

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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. It includes disclosure protocols. As a general rule, decisions about disclosure are made by the Managing Director.

The Company Secretary is responsible for coordinating communications with ASX and for having systems in place to make sure 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, 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. The communications policy is also available from our website.

Shareholders

As noted above, the shareholder centre on our website provides a central point to access information, including ASX announcements, media releases, the corporate calendar, investor presentations, reports and information about dividend history, shareholder privileges and the annual general meeting.

Shareholders can also access information about their own shareholdings through the shareholder centre, including transaction and dividend payment history and taxation information.

As well, shareholders can ask questions about the Bank and the Board, including about the annual general meeting, through the shareholder centre. We respond to questions by email.

Shareholders can request to receive shareholder documents using our e-shareholder service. The information is provided by email and includes dividend statements, shareholder reviews, annual reports, notices of meetings and shareholder question forms.

The annual general meeting provides an opportunity for shareholders to engage with us in person. We encourage shareholder participation. As well as attending in person or voting by proxy, shareholders can use direct voting. The direct vote or proxy voting instructions can be given either online or by mail. The annual general meeting is webcast and shareholders can watch the meeting live.

We also encourage shareholders to send questions to us in advance of the annual general meeting, either online or by mail. At the meeting, a reasonable opportunity is allowed for shareholders as a whole to ask questions about or make comments on the management of the Bank. As well as responding to questions of general interest in the meeting,



a summary of responses to commonly asked questions is posted on the website.

Shareholders are also invited to ask written questions of the 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 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. An opportunity is provided for shareholders as a whole to ask the auditor's representative questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Bank in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Investment community

As noted above, our team is committed to engagement with the investment community, telling our story and communicating our unique point of difference.

We have an investor relations program which includes liaising with institutional investors, brokers, analysts and rating agencies, including strategy day presentations. Investor relations co-ordinates roadshows, including for the half-year and full-year result announcements.

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 to the Managing Director, Chief Financial Officer and Head of Investor Relations. Comments must be confined to errors in factual information, computations and underlying assumptions.

About integrity of financial reporting

The integrity of financial reporting to shareholders is protected through the following elements.

- Board oversight and responsibility
- A Group declaration process, including declarations from the Managing Director and 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, 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 must be included in the annual and half-year financial reports.

Declarations

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

The annual Directors' declaration can only be made after receipt of declarations by the Managing Director and Chief Financial Officer, including in relation to the following.

- 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 the accounting standards and give a true and fair view of the financial position and performance of the Bank.
- Their opinion has been formed on the basis of a sound system of risk management and internal control, and this is operating effectively.

Although not required by the Corporations Act, the same declarations are provided to support the half-year Directors' declaration.

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

The processes supporting the declarations include the Group half year and annual risk management declarations. These form part of the Group Risk Management Framework (discussed below), but also support the Managing Director and

Chief Financial Officer declarations. 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.

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.

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 engagement, 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 policy is available from our website. Key elements of the policy include appointment of the external auditor and ongoing independence requirements including 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 an annual and half-year independence declaration to directors.

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 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.

About managing risk

The management of risk is a fundamental part of our strategy and operations. The financial prospects of any company are sensitive to the nature and extent of the risks associated with its activities and the effectiveness of the strategies established to manage these risks.

Risk management framework

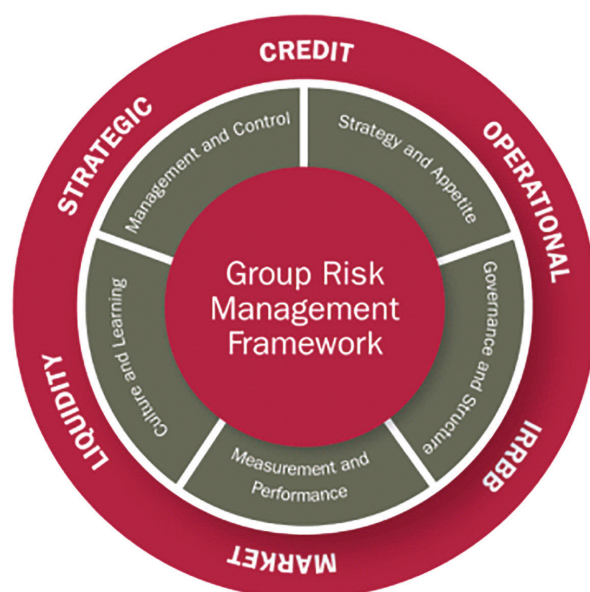
We have in place a Group Risk Management Framework, approved by the Board, which establishes an integrated system of risk management governance and accountability for the material risks.

Our business is exposed to a broad range of economic and commercial risks. The material risks that we actively manage are strategic risk, operational risk and key financial risks – credit, interest rate, traded market and liquidity risk.

The risk management framework is supported by individual risk management frameworks for credit risk, interest rate risk, traded market risk, liquidity risk and operational risk. The risk framework comprises the following core risk management elements.

- **Strategy and appetite:** The articulation of the Group's strategy and measureable strategic objectives, including the Group's risk appetite.
- **Governance and structure:** The articulation of the governance and structure for the management of material risks. This is discussed further below.
- **Measurement and performance:** This deals with how each material risk is measured and monitored to ensure performance is consistent with the Board approved risk appetite.
- **Culture and learning:** The initiatives that enhance and embed the Group's risk culture to better align and support strategy, vision, appetite and values.
- **Management and control:** This comprises the internal controls and tools available to employees to manage risk, and the oversight functions and protocols.

The risk management framework is reviewed annually by the Risk Committee and Credit Committee with any changes recommended to the Board for approval. Following the 2017 review, no substantive changes were needed to the framework.



“Sound risk management is fundamental to us achieving our vision to be Australia’s most customer connected bank. The Risk Committee supports the Board in monitoring the risk culture and making sure the Bank operates within its risk appetite.”

Jim Hazel, Non-Executive Director,
Chair of Board Risk Committee

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 setting and reviewing the risk appetite, deciding on changes to the risk management framework and monitoring the effectiveness of the risk management framework.

The following Board committees assist the Board in the oversight of risk.

- **Risk Committee:** In relation to the risk appetite and risk management strategy.
- **Credit Committee:** In relation to the credit risk appetite and credit risk management strategy.
- **Governance and HR Committee:** In relation to remuneration risk.

Economic, environmental and social sustainability risks

The ASX Corporate Governance Council highlights economic, environmental and sustainability risks for disclosure. A commentary on our approach to these risks, as defined by the Council, is set out below.

Economic sustainability

The ability of a listed entity to continue operating at a particular level of economic production over the long term.

We discuss economic sustainability risks in the Operating and Financial Review section of the Directors' Report, which is available from our website.

Environmental sustainability

The ability of a listed entity to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term.

Environmental sustainability includes our direct impacts on the environment and our indirect impacts through our lending and other financial intermediary activities.

In 2010 our Executive team agreed to do each of the following.

- Actively identify opportunities to reduce the Bank's environmental footprint.
- Assist our staff, customers, partners, shareholders and communities to identify opportunities to reduce their environmental footprints.
- Consider the environment in all relevant business decisions.
- Commit to measure and report progress in acting to achieve these goals
- Work together to make a difference.

We support long term strategies that aim to reduce our environmental footprint. We provide full disclosure of our carbon emissions, and where relevant, we consider the social and environmental outcomes of the business decisions we make. As an example of these considerations, our Bank does not lend to projects in the coal and coal seam gas sectors, and we have taken a pragmatic approach that says it makes no sense to broaden our footprint by starting to do so. We also develop and participate in initiatives that offset our environmental impact, educating and encouraging others to do the same.

More information is available from our website https://www.bendigoadelaide.com.au/public/in_the_community/sustainable_communities.asp and in our Annual Review (available from our website).

Social sustainability

The ability of a listed entity to continue operating in a manner that meets accepted social norms and needs over the long term.

Social sustainability underlies everything we do. As we discussed above, our point of difference is to focus on the success of customers, people, partners and communities, including by taking a 100 year view. Our values and purpose, explained above, support this point of difference.

Our expertise is financial services, and that is our focus, but we bring another strength critical to our success – the trust of communities in our ability to deliver solutions that benefit customers, people, partners and communities. Our Community Bank® model is a good example of this – partnering with local people and the community to provide communities with quality banking services, employment opportunities, retention of local capital, a local investment option for shareholders, and importantly, a source of revenue for projects decided by local people.

More information is available from our website: http://www.bendigoadelaide.com.au/public/in_the_community/ and in our Annual Review (available from our website).

- **Audit Committee:** In relation to financial reporting and taxation risk.
- **Technology and Change Committee:** In relation to the management of technology and information security risk, investment in change initiatives and management of technology assets.

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

- Executive Committee
- Operational Risk Committee
- Asset and Liability Management Committee
- Management Credit Committee
- Credit Policy Committee
- Operational Risk Policy Committee
- Business Enablement Risk Committee
- Architecture Governance Committee
- Pricing Committee
- Risk Models Committee
- Group Work Health and Safety and Security Management Committee
- Lending Standards Review Committee.

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

- **Ownership (First Line):** This involves business unit ownership and accountability. The day to day responsibility for managing risk rests with the executive management team and business units.
- **Challenge and oversight (Second Line):** Group Risk functions, including Credit Risk and Operational Risk, provide the second line of defence, developing risk management frameworks, policies, systems and processes, as well as monitoring compliance and reporting.
- **Independent assurance (Third Line):** Group Assurance (internal audit and credit risk review) conducts independent testing and verification of the effectiveness of internal controls, and provides assurance that the risk management process is functioning as designed. As noted above, there is a reporting line between the Head of Group Assurance and the Audit Committee and an administrative reporting line to the Company Secretary.

About our people

Introduction

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We aim to create a diverse, inclusive and flexible workplace, resulting in people who are pleased to come to work, proud of the company they work for, and genuinely care about making a difference in the community.

We recognise that everyone has different responsibilities – children, caring for ageing parents or others, study, cultural commitments, sport or volunteering and community involvement. For these reasons, and many others, we are committed to providing options that enable flexible working.

We are also committed to the wellbeing of our employees. Among other things we are rolling out the **equip resilience program**, which has been developed to give our people a set of skills that they can draw upon to boost their own resilience and wellbeing when faced with change or adversity. We also have a mental health first aid training program, which is designed to help individuals to learn the skills required to assist someone who is developing a mental health problem or who is in a mental health crisis.



“In my varied leadership roles in the local and international technology and communications industry I have always been interested in diversity and the richness it brings to society and decision-making. At Bendigo and Adelaide Bank we encourage a culture that embraces diversity of thinking and innovation to ensure we constantly seek new and better ways of doing things. ”

Jacquie Hey,
Non-Executive Director

Doing the right thing

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We started this corporate governance statement talking about our vision, point of difference, values and purpose. A lot of it comes down to doing the right thing.

Our Code of Conduct is an important part of this. The Code of Conduct is a statement of our corporate ethics and philosophy, and underpins our business decisions, actions and behaviour. The Code provides clear guidelines to directors and employees, so that there is a common understanding of the values and expected standards of behaviour for all.

The objective of the Code is to make sure that high standards of corporate and individual behaviour are observed in conducting the business of Bendigo and Adelaide Bank and other Group companies, and to provide support for those behaviours.

The Code is supported by more detailed policies on specific topics. Some relevant examples follow.

- **Conflicts of interest:** Our general conflicts of interest policy explains conflicts of interest, gives examples and helps employees understand how to identify and manage

conflicts. In addition, there is a specific Board conflict of interest policy, to provide guidance for directors about disclosing and managing conflicts of interest.

- **Reporting of concerns:** This policy provides a reference point for reporting concerns, including on an anonymous basis. This includes a concern, a grievance and a suspected breach of law or a Group policy. The policy also explains the protection provided for employees who raise concerns in good faith. As well as the policy, there is a dedicated intranet page “Speaking Up” to help staff find information about who to talk to and how to report a concern.
- **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 black-out period on trading is imposed on Directors, executives and other designated employees starting two weeks before the end of each reporting period and ending on the next business day after each half-year and full-year result announcement. The Board may impose additional restrictions.

The Code and these policies are available from our website.

Remuneration

Our remuneration philosophy is based on the following principles. Remuneration should facilitate the delivery of superior long term results for the business and shareholders and promote sound risk management principles.

- **Simplicity** – The link between performance, value created and reward should be clear and the framework 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 commits 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, Division and team.

- **Appropriate risk behaviour** – Remuneration should encourage innovation and 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 Governance and HR Committee assists the Board in relation to the remuneration practices and arrangements for the Group. Information about the policy and practices regarding Director and executive remuneration are set out in the 2017 Remuneration Report which forms part of the 2017 Annual Financial Report (available from our website).

Diversity

Our Diversity framework and policy

For the Bank, diversity means a mix of backgrounds, attributes, beliefs, skills, knowledge and experience and the different perspectives this brings. Inclusion is in making that mix work in a respectful way, and creating value from the differences. Our framework and policy are available from our website.

As we discussed above, many things come down to doing the right thing. Diversity and inclusion are important for our people, our customers and communities, and our organisation. Therefore, encouraging diversity is the right thing to do.

- **Our people**
We advocate an inclusive and welcoming workplace. As an employer, we aim to offer an environment where people are treated with respect, feel valued, and can achieve success, both for the individual and the organisation. We also recognise the importance of an appropriate work-life balance.
- **Our customers and communities**
Our vision is to be Australia's most customer-connected bank. We engage with customers and communities, by taking time to connect, listen and understand and build sustainable relationships. It makes sense to have a diverse team to be able to better understand and meet the needs of our diverse customer base and the communities in which we operate.
- **Our organisation**
Our ability to deliver our unique style of banking is dependent on having the best people. We will only find these people by drawing from the broadest pool of candidates available. Attracting and retaining a diverse team of talented people positions our organisation for

success – it creates both immediate business value and a sustainable organisation. It also contributes to our good reputation. So diversity makes good business sense and helps create value for shareholders

Our measureable objectives for gender diversity

Our diversity policy requires the Board to set measurable objectives for achieving gender diversity and annually assess the objectives and our progress.

We report on each of the following under the Workplace Gender Equality Act (WGEA) framework. Our WGEA report is available at: <https://www.wgea.gov.au/public-reports-0>

- Gender composition of the workforce
- Gender composition of governing bodies
- Equal remuneration between women and men

Availability and utility of employment terms, conditions and practices relating to flexible working arrangements for employees and to working arrangements supporting employees with family or caring responsibilities

- Consultation with employees on issues concerning gender equality in the workplace
- Sex-based harassment and discrimination

Using the WGEA occupational categories, the Board has set measurable objectives for female representation to be reached in 2018. These are set out in the table below, together with our progress to date. The targets and percentages achieved are for the Group.

We have achieved a modest increase in the number of women in leadership over the past 12 months.

Diversity continued

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At a number of leadership levels, we have already achieved our targets, and the objective is to maintain at least these levels of representation.

Some of the objectives will be challenging to meet by 2018, but we remain committed to continuing our progress towards these targets. This will require a dedicated focus.

The key factors driving our increase in gender balance across all leadership levels include flexible careers, communication and stores, gender-specific leadership development and accountability through measurement.

We have made significant progress implementing a broad range of initiatives in each of these areas, including those discussed

below, which has built a strong foundation and pipeline of capable women leaders.

As well we have introduced an online diversity dashboard for each business unit, which display live breakdown of the gender balance across the Group to enable leaders to monitor their business unit progress easily.

Other areas we are focussed on in the next 12 months include the following.

- Quarterly discussion at Executive level on women in leadership objectives.
- Divisional people plans to outline plans to achieve gender diversity objectives.
- The development of succession planning for key roles and targeted development plans for women identified with leadership potential.
- Internal mobile, to facilitate movement of our leaders and to make sure women get critical experience in a diversity of roles

WGEA category	March 2015	March 2016	March 2017	Target	Progress
Governing bodies					
Bendigo and Adelaide Bank Board	25.0%	33.3%	33.3%	33%	Achieved
Rural Bank Board	14.0%	40.0%	40.0%	33%	Achieved
Management leadership					
Chief Executive Officer	0.0%	0.0%	0.0%	n/a	
Key Management Personnel (Executive)	33.3%	44.4%	44.4%	33%	Achieved
Other Executives/General Managers	25.5%	23.2%	21.8%	33%	At risk
Senior Managers	28.6%	29.7%	30.0%	33%	At risk
Total Senior Leaders	28.0%	28.5%	28.5%	33%	At risk
Other Managers (ie middle and front line management)	41.0%	41.8%	44.5%	45%	On track
Total management leadership	37.8%	38.2%	40.7%	42%	On track
Total other employees	68.0%	66.8%	66.9%	n/a	
Total employees	61.5%	61.0%	61.6%	n/a	

In addition, a measurable objective for female representation on certain management committees to be reached by 2018 has been set. This is because participation in the committees provides opportunities for leadership development and is important to create diversity of thought in decision-making. The objectives and our progress to date are set out in the table below.

The focus on increasing the percentage of women on these committees will continue, with each Committee chair working towards the 2018 objective. Strategies employed to assist us in reaching the targets include inviting less experienced women to attend committee meetings regularly as contributions, and the identification and development of future women leaders.

Committee	March 2016	March 2017	Target	Progress
Asset and Liability Management	13%	18%	33%	At risk
Pricing	33%	40%	33%	Achieved
Operational Risk	18%	36%	33%	Achieved
Credit Risk	9%	11%	33%	At risk

Our broader objectives and initiatives

We have set the following two focus areas for July 2015 - June 2018.

- Embed an inclusive culture where everyone is treated with respect and have opportunities to develop and grow through inclusive recruitment practices and life stage and flexibility initiatives.
- Continue the focus on creating better gender balance through women in leadership initiatives but expand our measures to all levels of leadership across the organisation.

The 2017 Annual Review has additional information on Bendigo and Adelaide Bank's diversity and inclusion initiatives - http://www.bendigoadelaide.com.au/public/shareholders/annual_reports.asp

Gender

- **Women in Leadership:** Our Women in Leadership program is now an annual program. It has resulted in significant improvements across a range of measures including participants' resilience, confidence in their skills and abilities and preparedness to take on a more senior role.
- **Electronic delivery:** Our Bank not only has national operations, but also many branch locations are in rural and remote areas. To support our women frontline leaders, we provided a webinar based series that assists our leaders in gaining the insights, skills and confidence to help them progress their careers. Our social media tool Yammer is also valuable for both women and men to share stories, request information and increase awareness of the barriers facing women in leadership
- **Events:** For the broader organisation we have held many events, ranging from coffee catch ups with Executives to share their leadership journey, to large scale functions with a mix of internal and external guests, providing a networking opportunity and exposure to high profile speakers discussing a range of topics, such as women in sports leadership.

Indigenous

- Jawun, which means 'friend' in the Kuku Yalanji language of Mossman Gorge, was established in 2001. Its aim is to build the capacity of Indigenous people so they can choose a life they have reason to value. Jawun places skilled people from Australia's leading companies and government agencies into Indigenous organisations. These secondees share their expertise and support Indigenous leaders to achieve their own development goals.
- We became a partner with Jawun in 2016. Twelve of our people have now undertaken secondments, working with Indigenous leaders and organisations in the Goulburn Murray region in Victoria and the Lower River Murray, Lakes and Coorong region in South Australia.
- Positive impacts have been reported by the Indigenous organisations, with our people working to deliver specific organisational objectives, sharing their skills and helping establish positive work practices. Our secondees have embraced the experience, gaining valuable leadership skills such as increased confidence, interpersonal skills

and self-awareness. They have also highly valued the opportunity to deepen their understanding of indigenous culture, sharing their learnings with colleagues and leaders upon their return to the Bank.

Cultural diversity

- Harmony Day celebrates Australia's cultural diversity. We have embraced Harmony Day with bank-wide communications, celebrations by numerous teams through morning teas, sharing of cultural stories, cultural quizzes and back-office staff wearing the colour orange (the colour representing Harmony Day).
- In our next uniform launch we are pleased to be including a hijab in our corporate uniform offering.
- Lesbian, gay, bisexual, transgender and intersex (LGBTI) network
- Pride in Diversity is the national not-for-profit employer support program for LGBTI workplace inclusion specialising in HR, organisational change and workplace diversity. With the support of Pride in Diversity we have formed an internal LGBTI network. The objective is to: 'create a safe, inclusive and empowering environment for our LGBTI employees, customers, partners and communities'.
- Over the coming 12 months the group will begin a number of activities to help reach this goal. These include offering LGBTI awareness and education sessions to our leaders and employees, creating an intranet page with information on LGBTI support, key policies and the contact details of Kaleidoscope network's members, issue communication and videos containing information about why the network exists and share profiles.

Mature employees

- We partnered with Australian National University, Research School of Management to explore the attitudes and needs of our employees who are 45 years or older to understand their attitude to a range of mid/late career specific issues.
- The results indicated that our mature employees are engaged with the organisation, satisfied with their jobs. The results also present several opportunities for us to further support these employees, to help with career longevity and a more successful transition to retirement, for example, reviewing selection practices to ensure they are inclusive of mature employees.
- We also provide a mature age employee toolkit to help our employees plan for transition to retirement and find a balance that is right for them.

