

Corporate Governance Statement 2014



Bendigo and Adelaide Bank Limited

ABN 11 068 049 178

Our Vision is to be Australia's most customer connected bank

Our strategy is to focus on the success of our customers, people, partners and communities.

We do this by:

- taking a 100 year view
- listening and responding
- respecting every customer's choice, needs and objectives
- partnering for sustainable outcomes

1. Introduction

Bendigo and Adelaide Bank ("the Bank") is committed to high standards of corporate governance. This commitment applies to our relationship with our shareholders, customers, employees, suppliers, regulators and the communities in which we operate.

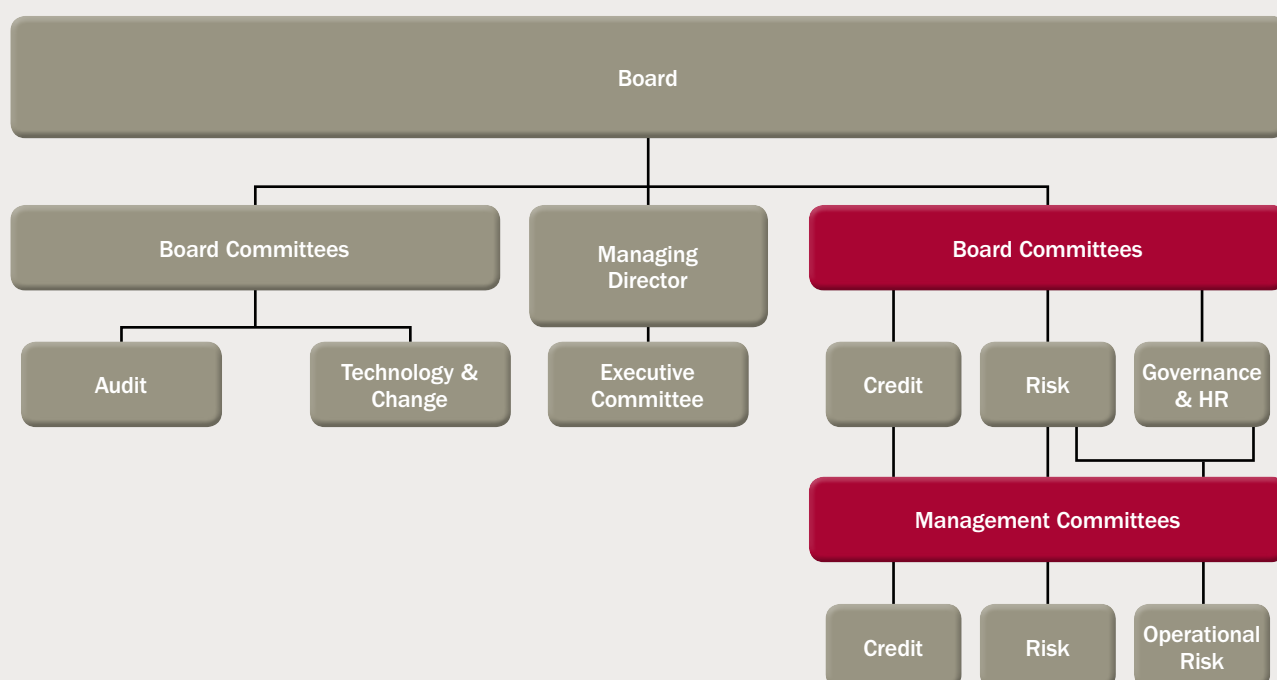
The governance processes and practices we have adopted take into account APRA's standards and guidance and the governance principles and recommendations set by the ASX Corporate Governance Council including the 3rd edition released on 27 March 2014 (ASX Recommendations). The Bank has followed all of the ASX Recommendations through the course of the 2014 financial year. A summary of the ASX Recommendations and how we comply with the ASX

Recommendations is available from our website at the below link. A copy of the policies and other documents referred to in this report are available from the following link.

www.bendigoadelaide.com.au/public/corporate_governance/index.asp

This Corporate Governance Statement is accurate and up to date as at 2 September 2014 and has been approved by the Board. The following provides an overview of our corporate governance structure and practices in place at the date this statement was approved by the Board, being 2 September 2014.

The diagram below provides an overview of the Group's corporate governance structure.



2. Board role and skills

The Board charter sets out the responsibilities of the Board. The role and responsibilities of the board include:

- a. Deciding the strategic direction of the Group including:
 - Reviewing the strategic and business priorities and associated financial objectives and funding strategy;
 - Monitoring management's performance and progress against the strategy and objectives;
- b. Deciding any significant changes to the organisational structure or business activities including material divestments and investments above management delegations;
- c. Deciding the appointment and replacement of the Managing Director;
- d. Deciding the remuneration framework including the remuneration arrangements for the Managing Director and other senior executives;
- e. Overseeing the Group's financial reporting framework including the independence of the external auditor;
- f. Overseeing the Group's risk management strategy including setting the risk appetite and changes to the risk management framework;

- g. Deciding the delegations to management and approving transactions, policies and expenditures above those levels; and

- h. Setting the Group's corporate values and standards.

A copy of the charter is available on our website. Except for the matters expressly reserved to the board under the charter, the day-to-day management of the Group and its operations is delegated to management.

The Chairman, Mr Robert Johanson, is responsible for leading the Board and ensuring that it is operating to the appropriate governance standards. Mr Johanson sets the Board's agenda and ensures adequate time is available for discussion on all agenda items.

3. Board and committee membership

The Bank has nine directors. Information on their qualifications, skills and experience (including other interests, positions, associations or relationships) and period of service is provided in the Directors' Report section of the 2014 Annual Financial Report (available from our website). The current Board and Committee memberships are set out below:

Director	Board	Committees				
		Audit	Credit	Risk	Governance & HR	Technology & Change
Robert Johanson	Chairman, Non-Executive, Independent				Member	Member
Jenny Dawson	Non-Executive, Independent	Chair	Member			
Jim Hazel	Non-Executive, Independent		Member	Chair	Member	
Jacque Hey	Non-Executive, Independent	Member		Member		Chair
Mike Hirst ¹	Chief Executive Officer					
Robert Hubbard	Non-Executive, Independent	Member		Member		
David Matthews	Non-Executive, Independent	Member	Member			
Deb Radford	Non-Executive, Independent		Chair		Member	Member
Tony Robinson	Non-Executive, Independent			Member	Chair	

¹ The Chief Executive Officer has a standing invitation to attend board committee meetings.

The Bank appoints Directors with appropriate skills and experience to contribute to the effectiveness of the Board, to provide leadership and contribute to the success of the Group.

This involves taking into account our strategy, which includes building a long term sustainable business focusing on the success of our customers, people, partners and communities.

The Board regularly reviews the skills, knowledge and experience represented on the Board against the skills and experience needed to deliver the Group's strategy and taking into account the benefits to the organisation of having Board representation relating to our strategic points of difference. The Board uses a skills matrix to assist with the review. The Board reviewed and revised the skills matrix during 2014. The skills matrix is set out below.

1. Banking
2. Wealth management
3. Governance
4. Accounting and financial reporting
5. Legal
6. Information technology
7. Corporate finance/investment banking
8. Risk management

General

9. SME business experience
10. Agriculture
11. Ex-CEO experience
12. Listed company board
13. Retailing which also includes sales, branding and marketing
14. Regional, customer and community focus

The Board considers that the above skills are appropriately represented on the Board.

4. Independence

The Board believes that the exercise of independent judgment by Directors is a crucial feature of good corporate governance.

The Board has decided that the majority of Directors are to be independent and the Chair of the Board must be independent and must not be the Managing Director. An assessment of a Director's independence is completed prior to their appointment and annually thereafter.

The Board Policy sets out the test for the purpose of assessing the independence of Non-executive Directors as follows: "An independent Director is a Director who is free from any material business or other association –

including those arising out of a substantial shareholding, involvement in past management or as a supplier, customer or advisor - that could interfere with the exercise of their independent judgment". In deciding materiality, the quantitative materiality thresholds in Accounting Standard AASB 1031 are taken into account, as well as qualitative materiality factors.

The Board has assessed each Non-executive Director as independent. In making that assessment, the Board has taken into account all relevant relationships and associations disclosed by the Director and the following independence criteria:

- No Director is, or is associated directly with, a substantial shareholder.
- No Director, except as disclosed in this governance statement, has been employed by the Bank or any of its subsidiaries.
- No Director is, or is associated directly with, a professional adviser, consultant, supplier, customer or other contractor of the Bank that is a material adviser, consultant, supplier, customer or other contractor.
- No Director has any other connection (eg family ties or cross-directorships) with the Bank which affect independence.
- No related party dealing referable to any Director is material under accounting standards.
- No Director has served on the board for such a period that their independence has been compromised.

Mr Robert Johanson has been a Non-executive Director since 1988. As stated above, the Board recognises that length of tenure is an important factor in assessing a non-executive director's independence. After reflecting on Mr Johanson's tenure, the Board assessed Mr Johanson as independent on the basis that he continues to test and challenge senior management constructively and always provides independent judgment on matters presented for Board decision.

Mr Johanson is also a Director and employee of Grant Samuel, a firm which is one of a range of financial services firms engaged by the Group from time to time to provide corporate advisory services. The Group has not engaged Grant Samuel in either of the last two financial years.

Ms Jenny Dawson has been a Non-executive Director for 15 years. From 1995 up to the date of her appointment Ms Dawson managed the Bank's internal audit function. The Board considered these matters when assessing Ms Dawson's independence, also noting the period of time that has elapsed since Ms Dawson's appointment and the considerable changes in senior management that have occurred over the period. The Board determined

that Ms Dawson does not have associations with management that compromise her ability to exercise independent judgement, and that Ms Dawson continues to apply independent judgement on matters presented for Board decision, and assessed Ms Dawson as independent on that basis.

5. Board composition, renewal and re-election

It is the Board's view that, collectively, the Directors need to have appropriate skills, tenure and experience to provide leadership and contribute to the effectiveness of the Board and our success. As mentioned earlier, the Board reviews its mix of skills, knowledge and experience regularly, using a skills matrix. These reviews include consideration of future succession plans for Board members as well as any additional areas of expertise that may be needed or desired by the Board.

The Board considers gender, geographic and other diversity to be important. It aims to maintain female representation of at least one-third of Non-executive Directors on the Board, and also aims to have a diversity of geographic representation in its composition.

The Board is committed to a process of orderly renewal, aiming for a blend of tenure and experience. The Board considers that there are significant benefits in retaining Non-executive Directors who have served on the Board through business and economic cycles and who have gained a deeper understanding of the industry, the organisation and its business activities. This experience brings a depth of perspective and corporate memory that is of particular value to the organisation.

The Board's commitment to renewal is evidenced by the recent changes in its composition. There are 4 Non-executive Directors who have served on the Board for less than 5 years, 2 Non-executive Directors who have served 8 years and 2 who have served more than 10 years.

Succession planning is an ongoing process and the Board discusses succession planning for its members and the Chairman regularly and robustly.

The process to appoint a new Director is overseen by the Chairman and the Governance & HR Committee. The Governance & 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, experience and tenure on the Board, and assessing and recommending 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. Consideration is also given to any potential candidates that may be nominated by current Board members. The preferred candidates will meet with all current Board members prior to the Board making a final decision on the appointment.

The key terms and conditions applicable to Director appointments are set out in a letter of appointment. The appointment letter deals with the Director's role and responsibilities, time commitments, induction and ongoing education, performance, remuneration, disclosure of outside interests, independence, privacy and confidentiality. The terms also include the access, insurance and indemnity arrangements (set out in a Director's Deed) and include the arrangements for access to independent professional advice.

All new Directors are provided with an induction program for the Board (and relevant committees) to familiarise Directors with our business and strategy. The program is structured to ensure that new Directors are introduced to management and the business and that all Directors are acquainted with relevant industry knowledge. This includes a director manual containing 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.

The Board receives regular briefings and presentations from executives, senior management and industry specialists on relevant industry, regulatory and corporate developments. Ongoing education is also provided from time to time at the expense of the Bank and the induction process is reviewed regularly by the Governance & HR Committee.

A Director seeking re-election at the end of their term must provide a statement to the Board in support for their re-election. In making its decision whether to recommend a Non-executive Director for re-election, the Board takes into account their contribution, 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 decision whether to recommend a Non-executive Director for re-election is made in that person's absence.

The Notice of Annual General Meeting includes all information obtained by the Bank relevant to the decision by shareholders whether or not to elect or re-elect a Director. This includes all relevant information obtained by the Bank as part of the fit and proper assessment (discussed below), a statement on the director's independence and a statement on the Board's support for the director's election or re-election.

6. Performance assessments

The Board has in place a formal process for reviewing its performance, and the performance of individual directors, every year. Every Director is required to complete a detailed questionnaire which aims to obtain Directors' feedback on the Board's performance in the following areas:

- Strategy and planning;
- Monitoring business performance;
- Board structure and role;
- Board skills;
- Performance against the charter;
- Performance against the goals and objectives set for the year;
- Meeting processes;
- Board performance monitoring;
- Board and Director responsibilities; and
- Board culture and relationships.

The responses to the Board's performance questionnaire are used for reporting Directors' responses on an aggregated basis only. Other than for aggregated reporting purposes, the responses on the Board's performance remain confidential.

The questionnaire also includes a series of questions for a Director to self-assess their own performance to identify areas of personal development. The self-assessment questionnaire is provided to the Chairman.

Once all of the questionnaires have been completed, the summary report of the responses to the Board's performance questionnaire is provided to the Chairman. The Chairman then meets with each Director individually to discuss the Board's performance and the Director's own individual performance. Following the one-on-one meetings the Chairman reports to the Board at its next meeting on the key issues arising from the meetings. Any issues that emerge are then discussed by the full Board. During that discussion the Board also sets the Board's goals and objectives for the upcoming financial year.

The Board then formally assess the Chairman's performance (in the Chairman's absence), led by a Director nominated by the Board.

Reviews of the Board as a whole and individual Directors (including the Chairman) took place during the year in accordance with the process described above.

The Bank also has a formal process for evaluating the performance of its staff, including senior executives. A description of the performance assessment process is included in the 2014 Remuneration Report which forms part of the 2014 Annual Financial Report (available

from our website). Performance assessments for the Managing Director and other senior executives were undertaken during the year.

7. Board committees

The Board is assisted in discharging its responsibilities by the five Board Committees described below. These Committees have been in place for the full financial year. The Committee memberships are structured to spread responsibility and make best use of the range of skills across the Board. Membership of the various Committees is reviewed regularly and is structured to provide the appropriate overlap of membership to ensure that implications of matters raised by a Committee are considered by the others.

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.

Every second year, each Committee conducts a formal review of its performance by following a process similar to the Board performance assessment process described above. The Committee performance assessments are biennial to enable a greater focus on the Board as a whole and individual director assessments in alternate years. The Committee reviews are led by the Chair of each Committee and the outcomes are discussed in a Board meeting. The performance of all Board Committees was reviewed last year and will be assessed again in 2015.

A summary of the role of each of the Committees is set out below and the charter for each Committee and the Committee procedural rules are available from our website. Information on the number of Committee meetings held during the year, and attendance at those meetings, is presented in the Directors' Report section of the 2014 Annual Financial Report (available from our website).

The **Audit Committee** assists the Board in relation to the external audit function (including external audit engagement, independence and prudential audit requirements), the assurance function (internal audit and credit risk review), the Group's financial and prudential reporting requirements (including the integrity of statutory financial reports) and the Group's internal control framework.

The **Governance and HR Committee** assists the Board in relation to nomination matters (including Director appointment and re-election), succession planning, Board performance and remuneration (including

executive remuneration policy and recommending the remuneration arrangements for the Managing Director and Senior Executives to the Board). The Committee also provides assistance to the Board on key employment and workplace matters including employee engagement, retention, wellbeing, reward, diversity and workplace health and safety.

The **Risk Committee** has oversight of the risk profile and risk management framework. The Committee's responsibilities include advising the Board on the risk appetite and risk management strategy, recommending changes to the risk management framework, overseeing the implementation of and monitoring compliance with risk management policies and limits and monitoring the risk management culture of the Group.

The **Credit Committee** has oversight of the credit risk profile and credit risk management framework. The committee's responsibilities include advising the Board on the credit risk appetite and credit risk management strategy, recommending changes to the credit risk management framework and overseeing the implementation of, and monitoring compliance with, risk management policies, limits and ceilings.

The **Technology and Change Committee** has oversight of strategic technology investments, performance and risk management. The Committee monitors the technology architecture and strategy, the governance and implementation of major technology projects, IT risk management and information security, the management of technology assets and the governance of sourcing partnerships.

8. Access to management and independent professional advice

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, by invitation, 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 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.

A Director may obtain independent professional advice at a reasonable cost to the Bank with the approval of the Chairman (or if the Chairman refuses to give the approval, the Board).

To ensure that appropriate matters are brought to the attention of the Board, the Committee procedural rules provide for the following individuals to have direct access to Board Committees. The Head of Group Assurance, Chief Financial Officer and the Head of Group Operational Risk have direct access to, and may request to meet with, the Audit Committee. The Executive - Risk has direct access to, and may request to meet with, the Risk Committee and the Credit Committee, and the Head of People and Performance may request to meet with the Governance & HR Committee. The external auditor may request to meet with the Board.

The Company Secretary is responsible for the day to day management of the secretariat function including the implementation of the governance framework established by the Board. All Directors have access to the advice and services of the Company Secretary and the Company Secretary is directly accountable to the Board, through the Chairman, on all matters relating to the administration and functioning of the Board. The Company Secretary's performance is assessed by the Board as part of the annual Board performance assessment process. The appointment and removal of the Company Secretary is decided by the Board.

9. Code of conduct and reporting of concerns

Our Corporate Values provide a framework to guide interactions within the Group, with customers, shareholders, suppliers and the community. The values are teamwork, integrity, performance, engagement, leadership and passion. These values have been incorporated into the Code of Conduct that has been endorsed by the Executive Committee and adopted by the Board.

The Code of Conduct is a statement of the Group's corporate ethics and philosophy and underpins business decisions, actions and behaviour. It aims to make sure that high standards of corporate and individual behaviour are observed in conducting the business, and provides support for those behaviours.

The code provides guidelines for Directors and staff, so that there is a common understanding of the values and expected standards of behaviour, including in relation to conflicts of interest, use of information and position and confidentiality. More detailed policies exist that deal specifically with various aspects of the code.

In addition, the Reporting of Concerns Policy provides a reference point for reporting concerns, including on an anonymous basis. This includes a concern, a grievance, and report of a suspected breach of law or Group policy (including any breach of the Code of Conduct). The Reporting of Concerns Policy also sets out the protection provided for employees who raise concerns in good faith. Copies of the Code of Conduct and Reporting of Concerns Policy are available from our website.

10. Fit and proper

All Directors and senior managers must meet fit and proper standards under the Responsible Persons Policy, which addresses the requirements of APRA's Prudential Standard CPS520 "Fit and Proper". The Responsible Persons Policy forms part of the Group's risk management framework and is available from our website.

Under the policy, all Directors and senior managers need to have, and must continue to demonstrate, the required 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 (obtained with the consent of the Director or senior manager) as part of the assessment process to confirm the person's character, experience and qualifications.

The policy also requires notification of any relevant directorships, other interests, positions or associations as well as appropriate criminal and bankruptcy checks. Directors, senior managers and the external auditor are assessed before appointment and then annually. All Directors, senior managers and the external auditor have been assessed as fit and proper.

11. Continuous disclosure and communications

The Continuous Disclosure Policy assists the Board in making sure that all price sensitive information is disclosed to ASX under the continuous disclosure requirements of ASX Listing Rules and the Corporations Act.

The Board meeting agenda includes continuous disclosure as a standing item for Board consideration. The Managing Director is responsible for assessing information that arises between Board meetings and deciding if the information requires disclosure to the ASX in accordance with the Listing Rules. Alternate procedures have been established for occasions when the Managing Director is not available. The arrangements are set out in the Continuous Disclosure Policy which is available from our website.

All announcements to be lodged with ASX must first be approved by an authorised officer, generally the Managing Director, before release. 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.

The Communications Policy provides clear authorities and protocols for all communications with parties external to the Bank, including 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. A copy of the Communications Policy is available from our website.

12. Shareholder communications and investor relations

Our website includes a dedicated shareholder centre to provide information on the Group, including financial information, ASX announcements, media releases, annual reports, newsletters, shareholder calendar, webcasts and shareholder services. Our website also includes background information on the Group and its activities as well as a dedicated corporate governance link that contains a range of information on our governance framework including information on the Directors and members of the Executive Committee, Board Charter and Board Committee Charters, Bank policies and other important documents such as the Bank's constitution.

The shareholder services page includes an online share registry link to enable shareholders to access current information on their security holdings including transaction and dividend payment history and taxation information. In addition, shareholders can request to receive documents associated with their shareholdings 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. Shareholders can ask questions about the Bank and the Board, including in relation to the Annual General Meeting, through the shareholder services webpage. Responses to the questions are sent by email.

The Group has an investor relations function that is responsible for facilitating communications with the investment community on a timely basis. The responsibilities include the drafting of certain market announcements, providing feedback to management and the Board on market views and perceptions about the Group, liaising with rating agencies in relation to credit, servicer and transaction ratings, providing assistance to investors, brokers and analysts in understanding the Group's structures, activities and performance and coordinating roadshows including for the half-year and full-year result announcements.

13. Share trading

The Trading Policy imposes restrictions on trading in the Bank's securities by Directors and staff members who may have access to price sensitive information. A black-out period is imposed on Directors, members of the Executive Committee and other designated employees for the 10 weeks leading up to each of the half-year and full-year announcements to ASX.

The policy also requires these designated employees and officers to notify the Bank before and after trading in the Bank's securities. Share trading by the designated officers is reported to the Board. In addition, all employees and Directors are prohibited from trading if they are in possession of price sensitive information.

The policy prohibits Directors and members of the Executive Committee from using their Bank securities as part of a margin loan portfolio.

The policy also prohibits a participant in an executive incentive plan from entering into a transaction designed to remove the "at risk" element of an entitlement under the plan (a) before it vests, and (b) after it vests, until any restriction period imposed by the Board ends or has been lifted. A copy of the Trading Policy is available from our website.

14. Group Assurance

Group Assurance is an internal audit and credit risk review function, independent of the business and of the external auditor. It provides a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

The Head of Group Assurance has a direct reporting line to the Audit Committee and an administrative reporting line to the Executive, Corporate Resources, as well as direct access to the Managing Director and the Chair of the Audit Committee.

The Audit Committee meets with the Head of Group Assurance at least once each year without management being present.

Group Assurance also has direct access to any member of staff and access to any information relevant to its work. Reports on the outcome of assurance activities are provided to the Audit Committee, with those relating to credit risk also provided to the Credit Committee. Reports on specific reviews are also provided to other Board Committees as appropriate.

The strategic plan for the Group Assurance function is approved and monitored by the Audit Committee which also assesses and confirms the independence and effectiveness of the function.

15. Financial reporting

The Directors are responsible for the preparation and fair presentation of the financial statements. The Board's responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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, if considered appropriate, approving changes in Group accounting policies and monitoring changes in accounting standard and disclosure requirements.

The Managing Director and Chief Financial Officer have provided the required declarations to the Board in accordance with section 295A of the Corporations Act 2001 and recommendation 4.2 of the ASX Recommendations in relation to the annual and half-year financial reports. The adequacy of the process implemented to support the declarations is reviewed and assessed by the Audit Committee each reporting period. The declarations are made on the basis that it provides a reasonable, but not absolute, level of assurance and does not imply a guarantee against adverse events or circumstances that may arise in future periods.

16. External auditor independence

The Audit Committee is responsible for maintaining a policy dealing with auditor independence, rotation and the provision of non-audit services, and monitoring compliance with that policy. The policy on audit independence sets out the factors that may compromise auditor independence. A copy of the policy is available from our website.

Under the policy, the Audit Committee's prior approval 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 (discussed below). The policy also requires the Audit Committee to receive the annual and half-year independence declarations from the auditor. The external auditor also meets regularly with the Audit Committee without the presence of management.

Non-audit services

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, and why it is so satisfied.

As part of this process the Audit Committee receives a report, confirmed by Group Assurance, setting out the nature and scope of all non-audit services provided

during the period, including fees and confirmation from relevant senior management that they are not aware of any matters that might impact the auditor's independence. The Directors' Report includes a statement about whether the directors are satisfied that the provision of non-audit services is compatible with the independence of the auditor and the reasons for being so satisfied.

Rotation of audit personnel

The policy provides that a person who plays a significant role in the audit must rotate if they have acted in that role for five successive years or, if they were to act, they would have played a significant role for more than five out of seven successive financial years. In such cases a person must not play a significant role in the audit for at least 2 successive financial years.

17. Risk management

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

Our business is exposed to a range of risks including those which encompass a broad range of economic and commercial risks. However, the material risks that we actively manage are the key financial risks (credit risk, market risk, liquidity risk) and operational risks including fraud, theft and property damage. Market risk comprises traded market risk and non-traded market risk (interest rate risk in the banking book).

Risk Management Framework

The Board, being ultimately responsible for the management of risk, has approved a Group Risk Management Framework ('framework') which establishes an integrated system of risk management governance and accountability. The framework sets out the strategy and approach to managing credit risk, operational risk, interest rate risk, traded market risk, liquidity risk and other risks such as strategic risk, reputation risk and contagion risk. The framework is supported by individual risk management frameworks for credit risk, operational risk, interest rate risk, traded market risk and liquidity risk. The framework comprises the following core risk management elements:

- a. Risk management governance;
- b. Risk management strategy and appetite;
- c. Risk management measurement and performance;
- d. Risk management culture and learning; and
- e. Risk management policies, standards and controls.

The documented risk management framework is reviewed annually by the Risk and Credit Committees with any appropriate changes recommended to the Board for decision. The review was completed for the 2014 financial year and there were no material changes to the risk management framework. The changes presented for Board decision reflected updates to align with other risk management related documents such as the Internal Capital Adequacy Assessment Process, Risk Appetite Statement, risk management policies and systems, Board and Committee Charter changes and organisational changes.

Risk management governance

The Board is responsible for overseeing the risk management strategy and framework taking into account the risk appetite, prudential capital requirements and strategic and business priorities. This includes setting the risk appetite, deciding on recommended changes to the risk management framework and internal capital adequacy assessment process and monitoring the operation and effectiveness of the risk management framework, policies and standards.

The Risk Committee and Credit Committee assist the Board in relation to the oversight of risk including the risk appetite and risk management strategy taking into account the size and nature of the Group's activities.

This includes reviewing and recommending to the Board any changes to the risk management framework and risk appetite, monitoring the Group's risk profile to ensure it is aligned with the risk appetite and risk management framework, monitoring the implementation and compliance with the risk management framework, monitoring the risk culture and deciding exposure and tolerance limits for key risk categories and monitoring compliance with these limits.

There are a number of management committees that assist the Board committees in relation to risk management including the Asset and Liability Management Committee ("ALMAC"), Management Credit Committee ("MCC") and the Operational Risk Committee ("ORC").

ALMAC is the executive and senior management committee responsible for balance sheet oversight including capital management, interest rate, and liquidity and funding risk management. It is responsible for reviewing and recommending appropriate changes to market and liquidity risk management frameworks, tolerances and limits as well as approving risk management policies and standards.

The MCC is the executive and senior management committee responsible for monitoring the credit risk profile, the credit risk appetite and performance of the credit risk management framework. The Committee monitors compliance with credit risk limits, the

development of credit risk policy and standards and approves credit transactions within the risk appetite.

The ORC is the executive and senior management committee responsible for monitoring the operational risk profile and the performance of the operational risk management framework. The Committee reviews and recommends appropriate changes to the operational risk management framework and key operational risk policies and standards to the Risk Committee.

Our approach to managing risk is based on the 3 lines of defence model. 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 divisions.

The executive is responsible for implementing the risk management strategy and framework and developing strategies, policies and controls to manage risk in line with the approved risk appetite. Our business divisions are responsible for identifying, assessing and implementing systems and controls to manage the risks associated with their activities.

The second line of defence is primarily our Group Risk and Middle Office functions (refer below) that provide specialist risk management assistance to the business and the third line of defence is the Group Assurance function (refer to discussion on Independent Review).

The Board Charter, Risk Committee Charter and Credit Committee Charter are available from the Group's website.

Risk management strategy, appetite and limits

Our risk management strategy is based on a risk appetite approved by the Board. All material risks are managed within a defined risk appetite which is linked to our strategy and business objectives.

The Board has determined the risk appetite and risk tolerance for credit risk, operational risk, market risk, liquidity risk, strategic risk and taxation risk. The appetite and tolerance for each material risk is documented in the risk appetite statement.

Risk limits for market and liquidity risks are set and monitored by the ALMAC and Risk Committee and the risk limits for credit risk are set and monitored by the MCC and Credit Committee.

The risk limits are based upon the level of capital (which may be in the form of economic capital, net interest income, profit before or after tax, retained earnings, market value of equity or other key performance indicators) the Board is willing to place at risk. The limits are calculated by aggregating quantifiable measures of market, credit and liquidity risk. Prior to approval by the Board, limits are formally reviewed on a regular basis by the appropriate management and Board committees, and take into account changes in market conditions, strategic

priorities and the risk appetite.

The management of operational risk is performed using quantitative and qualitative self assessment and we have defined general parameters to manage the Group-wide operational risk profile within the Board approved risk appetite and tolerances.

The risk tolerance for operational risk is not articulated as specific financial measures but through the use of an escalation matrix and a set of defined key risk indicators which are monitored by the ORC and Risk Committee and which specify:

1. The levels of operational risks (that have the potential to occur) that cannot be accepted without escalation. In deciding whether to accept operational risks the following applies:
 - The Group must comply with all relevant regulations and there is no tolerance for accepting risks that would result in a known breach of regulations;
 - The Board has set a zero tolerance where an employee commits internal fraud; and
 - The Group will not knowingly accept operational risk that improperly endangers the safety of its staff, customers, partners, contractors or other third parties.
2. The operational risk events (that have occurred) that need to be escalated; and
3. The key risk indicators reported to the ORC and Risk Committee for monitoring of key risk themes.

In accordance with the operational risk management framework and policy:

- a. Operational risks are assessed at a minimum on an annual basis via the Risk and Control Self Assessment (RCSA) process. The controls for key risks and their effectiveness are assessed on a regular basis (at a minimum every 6 months) in accordance with established control validation procedures;
- b. New Risks are identified throughout the year outside of the RCSA process and are managed via the new risk and re-rated risk processes. Additionally, RCSA's are completed for business change initiatives outside of the annual RCSA process as part of the project management methodology to identify potential risks arising from change initiatives and new or changed products;
- c. Risks are escalated according to their residual risk rating;
- d. Scenario analysis is conducted on an annual cycle (as a minimum) in accordance with the scenario analysis methodology. New scenarios are escalated to the ORC and Risk Committee and the business is required to identify and test key controls for all

scenarios in accordance with the control validation procedures; and

- e. When operational risk events are identified they are assessed on an event by event basis to determine the consequences to the Group and are escalated according to the financial or non-financial consequence assessment.

The risk appetite statement is reviewed, updated and approved annually by the Board. All supporting policies, limits, tolerances and internal controls are updated to reflect approved changes to the risk appetite.

Risk management measurement and performance

Effective measurement, reporting and control of risk is vital to managing our business activities within the overall strategic and risk management objectives. Our risk management, reporting and control framework provides for the quantification of market, credit and liquidity risk, the capability to aggregate and monitor exposures, the establishment of a comprehensive set of limits to ensure that exposures remain within the approved risk appetite and mechanisms for evaluating performance on a risk-adjusted basis.

Stress testing is used to understand, quantify and manage risks by analysing potential losses in a stressed environment. Stress testing is also used to monitor our risk profile and feeds into the approved risk appetite.

Credit risk stress testing is regularly performed to assess the likelihood of loan default, to examine the financial strength of borrowers and counterparties including their ability to meet commitments under changing scenarios and to assess the exposure and extent of loss should default actually occur.

Non-traded market risk stress testing is regularly performed using simulation models to quantify the effects of interest rate fluctuations (including stress testing) on our key financial performance indicators and to evaluate the appropriateness of the balance sheet structure.

We perform interest rate simulation modelling. This is a dynamic technique that allows the performance of strategies to be tested under a variety of rate environments over timeframes as long as five years. Stress testing is also conducted monthly to determine the potential exposure to traded market risk.

Liquidity risk stress testing is regularly performed using liquidity scenarios under stressed and normal operating conditions to assist in anticipating cash flow needs and providing adequate reserves in accordance with prudential requirements. We are also preparing preliminary Liquidity Coverage Ratio and Net Stable Funding Ratio calculations in accordance with the new prudential liquidity requirements that come into effect on 1 January 2015.

In relation to operational risk, the Board has an approved a scenario analysis methodology which assists in assessing, on a forward looking basis, potentially severe operational risk exposures under a number of scenarios. The risk profiles of potential exposures are regularly monitored.

We have implemented a system of regular reporting from independent risk, control and assurance functions to the management and Board committees on the implementation, operation and effectiveness of the risk management framework. Accurate, reliable and timely information is vital to support decisions regarding risk management at all levels.

The reporting framework is supported by a diverse range of functionality including market and credit risk analysis, financial forecasting, asset and liability management, performance measurement, limit and tolerance compliance and operational risk escalation.

Risk management culture

A key element of the framework is our risk culture. Embedded in our values and culture is the expectation of staff doing the right thing including taking responsibility for managing the risks inherent in their day to day business responsibilities. Our commitment to risk management, including a sound risk management culture, is demonstrated by the following:

- a. Risk is managed using both a top down and bottom up approach across the Group.
- b. Risk management is embedded in our strategy, business planning and management structures, employment and training structures as well as staff performance, development and remuneration arrangements.
- c. Our staff are encouraged and provided with the ability to identify opportunities, strive for quality and efficiency and to minimise losses.
- d. We maintain risk competencies especially for key management and risk roles.
- e. There are regular discussions on risk developments and risk management strategies at the business division level.
- f. Staff act promptly to manage risks and events whether internal or external.
- g. We maintain close working relationships between the business and risk functions.

Risk management policies, standards and controls

The Group's risk management framework is supported by a comprehensive range of documented policies, standards and procedures covering credit risk, market risk, liquidity risk and operational risks. The Group has established a policy, standard and procedure framework

to ensure a consistent and structured approach is applied to the development of new and the ongoing maintenance of risk management policy, standard and procedure documents.

Risk management functions and responsibilities

Group Risk

The Executive - Risk heads up our Group Risk function which is an independent function that provides frameworks, policies and procedures to assist the business in managing risk. The Group Risk function has direct access to the Board through the Credit Committee and Risk Committee and comprises dedicated credit risk and operational risk units.

The Group Risk function is responsible for the design, interpretation and development of the risk management framework, monitoring business unit adherence to the framework, monitoring material risks and reporting on compliance with the risk management framework and is a risk and control advocate across the organisation.

The independent credit risk unit is responsible for the credit risk management framework and monitoring the credit risk profile. The credit risk function oversees credit policy development, reviews and approves credit risk exposures (single and aggregate) in accordance with its delegated authority, monitors credit quality and portfolio performance and reports against limits specified in the Group's risk appetite statement. Credit risk also monitors credit policy compliance and manages the performance of the credit management system.

The independent operational risk unit is responsible for establishing the frameworks, policies, procedures and tools to assist the business in the management of its operational risks. This unit also provides independent challenge, oversight, monitoring and reporting of operational risks and operational risk events at the Group level in accordance with the escalation matrix.

Finance and Treasury

Group Treasury is responsible for the management of market and liquidity risk in accordance with the risk appetite and approved policies and limits. Functional units are established within the finance and treasury division that are responsible for monitoring and reporting in relation to capital management, financial markets, securitisation, liquidity and market risk activities.

The independent Middle Office unit, reporting to the Chief Financial Officer (with an indirect reporting line to Group Risk), is responsible for monitoring market risk, liquidity risk and securitisation and oversees, supports and reports on the risk management activities of Group Treasury and the Financial Markets and Business Finance Division to the ALMAC and the Risk Committee.

This includes monitoring compliance with approved limits and targets in relation to these risks and escalating

notifications of breaches of policy or limits. Middle Office has direct access to the ALMAC and the Risk Committee.

Independent Review

Group Assurance (Internal audit)

The independent Group Assurance function operates under a charter and annual audit plan approved by the Audit Committee and has direct access to the Board through the Audit Committee.

The Audit Committee receives reports at each meeting on the status of the internal assurance plan. The Group Assurance function audits all functions across the Group which includes the effectiveness of the risk management framework and internal compliance and control systems.

In relation to risk management, the Group Assurance responsibilities include:

- a. Providing independent testing and verification of the effectiveness of internal controls governing the Group's operations;
- b. Providing independent assurance that the risk management process is functioning as designed;
- c. Reviewing and assessing the first and second lines of defence; and
- d. Providing risk and control advocacy.

The Group Assurance function also reports to the Credit Committee on items arising from credit risk reviews.

Further information on the risk management governance, framework and material business risks is presented in Note 36 Risk Management of the 2014 Annual Financial Report (available from our website).

18. Non-executive director and executive remuneration

Information on the policy, structure and practices regarding director and executive remuneration are set out in the 2014 Remuneration Report which forms part of the 2014 Annual Financial Report (available from our website). This includes a summary of the policies and practices regarding the deferral of performance based remuneration as well as applicable reduction, cancellation and claw-back arrangements. It also includes the director and executive remuneration payments and awards for the 2014 financial year. The Trading Policy and Remuneration Policy set out restrictions on participants entering into transactions that remove or limit the at-risk element of equity based remuneration.

19. Annual General Meeting

The Board encourages shareholder participation in shareholder meetings. Shareholders that cannot attend in person may do so either electronically through a webcast or by attending a shareholder briefing session.

In the lead up to the Annual General Meeting we will hold shareholding briefing sessions in Adelaide and Melbourne. The sessions cover the presentations and items of business to be considered at the Annual General Meeting. They also provide an opportunity for shareholders to ask questions of the Board and senior management.

Shareholders unable to attend the Annual General Meeting can vote on the meeting resolutions by either casting a direct vote or appointing a proxy. The direct vote or proxy voting instructions can be lodged either online or by mail. Shareholders are also able to access a webcast of the Annual General Meeting from our website at the shareholder centre link.

Shareholders are invited to submit questions in preparation for the Annual General Meeting. The questions can be submitted online or by mail. Shareholders may also ask questions to the Bank for the auditor about the audit of the Annual Financial Report to be considered at the Annual General Meeting. Written questions must be received no later than five business days before the day on which the Annual General Meeting is held.

The external audit engagement partner is required to make sure that a suitably qualified representative attends the Annual General Meeting. The Chair of the meeting provides an opportunity for shareholders at the meeting to ask the auditor's representative questions relevant to the conduct of the audit, the preparation and conduct 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. The Chair also allows a reasonable opportunity for the representative of the auditor to answer written questions submitted before the meeting.

20. Sustainability risk

Economic Sustainability Risk

The Group has a material exposure to economic sustainability risk. Our ability to continue operating at a sustainable level of activity over the longer term is dependent on our ability to manage a range of commercial and financial risks associated with the markets and industry in which we operate and the nature of our business activities.

Information on the particular economic risks and our approach to managing these risks is disclosed in Note 36 of the 2014 Annual Financial Report (available from our website).

Economic sustainability is a fundamental component of our business strategy and model. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We believe that economic performance should not only be

measured in terms of growth, profits and dividends, but also by the longer term contribution our business provides to communities and local people.

Our aim is to be Australia's leading customer-connected bank and we work to ensure we feed into the prosperity, and not off it. We're mindful that our customers live in communities facing complex social and economic issues and through partnering with these communities and supporting the solutions they put forward, together we will see the challenges addressed and prosperity shared.

By focussing on the success of others we will be connected, relevant and valued, with the benefits flowing to all of our stakeholders including shareholders, customers, staff, partners and the wider community. We believe that successful customers combined with thriving local communities create a successful bank over the longer term.

We have established specific business functions that focus on how we engage with, service and support our customers and communities. We operate a dedicated customer and community team that is complemented by our new 'Customer Voice' and 'Customer Service Improvement' teams. Supporting our customers and communities will also reward our shareholders and other stakeholders.

We have consistently maintained industry-leading customer and business customer satisfaction levels, being consistently at or near number one for consumer satisfaction (Morgan Research) and Business Bank of the Year satisfaction (Morgan) in 2012 and 2013.

We have a distinctive offering and unique positioning in the market. We have invested significantly into systems and distribution networks and have a long history of trusted service. We are responsive to change and we continue to invest in our business to further understand the needs and aspirations of customers. This includes further investment into our customer service improvement and banking and telco convergence initiatives.

Basel II Advanced Accreditation is a major business priority. Basel II relates to how we identify and manage the risks inherent in our business and improving the way we operate our business. We believe the advanced accreditation status will deliver long term benefits for all stakeholders. It will help us streamline our systems and processes, improve our competitiveness and our operating efficiency as well as our ability to service our customers.

Environmental Sustainability Risk

The Group does not have a material exposure to environmental sustainability risk. Notwithstanding this, we recognise that our daily business activities do have an impact on the environment. We also understand our

environmental impact and green reputation will play a key role in our future success including that of our customers and the communities we partner. Wherever possible, we work to reduce and offset our impact on the environment, help our customers reduce their impact on the environment and try to lead the way on environmental protection.

Reducing our impact on the environment and helping others do the same, is a part of our commitment to building sustainable and prosperous communities. The Group has pledged its commitment to making a positive contribution to sustainability in our workplace and the communities in which we operate by issuing a Statement of Commitment to the Environment signed by the Executive Committee to;

- Commit to actively identify opportunities to reduce our environmental footprint;
- Assist our staff, customers, partners, shareholders and communities to identify opportunities to reduce their environmental footprint;
- Consider the environment in all relevant business decisions; and
- Commit to measure and report our progress as we act to achieve these goals.

The Executive Committee has established an Environment Working Group (EWG) with Group-wide representation. The EWG develops and implements solutions that support our Statement of Commitment to the Environment and monitors these solutions for continued success.

The Group does not report its environmental intentions and progress against them by reference to measurable objectives, however the Group does report several of its environmental impacts in various public communications including its Annual Review each year.

Social Sustainability Risk

The Group does not have a material exposure to social sustainability risk. As reflected by our strategy, we believe that successful customers and successful communities create a successful bank. As we work to provide banking products and services for our customers, we consider what we can do beyond banking to help strengthen communities and look to exceed customer and community expectations of a bank.

Social inclusion is at the heart of our philosophy and business practices. We ensure we meet minimum financial services standards for inclusion, access and responsiveness. We behave decently and treat people as we want to be treated. We listen and respond to customer and community needs. Value we create is shared between customers, staff, suppliers, partners and shareholders. In many instances, this includes sharing our income with partners and communities. We help to develop young people where we can; we

promote diversity and equality of opportunity. We formed Community Sector Banking as a joint venture with not-for-profit organisations to bank a sector whose core business is social inclusion.

We understand that our success depends on us feeding into the success of our customers and the communities in which they live.

Other than in respect of Diversity, the Group does not report its social intentions and progress against them by reference to measurable objectives, however the Group does report several of its social impacts in various public communications including in its Annual Review each year.

21. Diversity

The Company's approach to Diversity is outlined in its Diversity Policy which is founded on the Company's code of conduct and corporate values. The policy can be accessed on the Company's website at: http://www.bendigoadelaide.com.au/public/corporate_governance/policies/diversity-framework-and-policy.asp.

As stated in the policy:

"Staff: 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.

Customers and communities: Our vision is to be Australia's leading customer-connected banking group. 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.

The Bank: 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 and 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."

Responsibility for implementation of the Diversity Policy and the strategy, goals and objectives developed to support it, are broadly embedded in the organisation with responsibilities for the Board, the Governance and HR Committee of the Board, the Executive Committee, leaders, the People and Performance function and employees generally. The Board is responsible for assessing performance against measurable objectives on an annual basis. The Governance & HR Committee has responsibility for keeping the policy under review. This

includes the effectiveness of the policy. The Executive Committee is responsible for the management and delivery of the policy, goals and strategy set.

A Diversity Council, which represents a diverse group with cross organisation coverage at a senior management level has the responsibility to promote diversity and inclusiveness in the workplace, and also to provide input from across the organisation to assist it to formulate policy, strategy and objectives. Its specific responsibilities are:

- To champion the diversity vision for the Company
- To communicate the business case, success stories and to inspire action in the business
- To role-model the leadership of diversity & inclusiveness
- To support the development and oversight of the organisation and divisional targets
- To identify relevant case studies and stories and establish relevance to the organisation
- To establish and support communities of practice
- To support executive updates, highlighting issues, progress and achievements as required.

As part of the requirements set by the Workplace Gender Equality Act 2012 (WGEA), the Company has prepared a gender diversity profile and reported against the 6 required gender equality indicators which are:

- Gender composition of the workforce
- Gender composition of governing bodies
- Equal remuneration between men and women
- Flexible working arrangements
- Consultation with employees covering gender equality at the workplace
- Addressing sex based harassment and discrimination.

A copy of the report provided to the Workplace gender Equality Agency under WGEA can be accessed at: <https://www.wgea.gov.au/public-reports-0>

Diversity and inclusiveness strategy

A diversity and inclusiveness strategy was established in 2012 as a basis for a 3 year work program to develop greater diversity and inclusiveness. The diversity and inclusiveness vision is “Team success through the unique contribution of each individual” with the following goals to be delivered by 30 June 2015:

- A more diverse workforce at all levels
- One third of senior managers and executives will be female

- Flexible work and career will be ‘how we work’
- Leaders and employees will manage diversity as a business opportunity.

Greater diversity and inclusiveness is sought across 4 dimensions: gender, age, disability and culture. Objectives have been set since 2012 to achieve these goals with a substantial work program put in place to deliver them which is described below.

Diversity profile

Through a diversity survey and other data gathering activities, the company has been developing a profile of its diversity and inclusiveness which continues to be work in progress as the strategy develops.

The company gender profile, which summarises the profile provided under WGEA, is set out below. The categories used are those prescribed by WGEA and are different to the categories reported under previous legislation. In support of objective 1 we have defined senior management as key management personnel and other executive/general management.

The overall representation of women for the WGEA 2014 reporting year was 62% (63% reported for 2013). The representation of women for the key management personnel category has increased from 22% to 33%. On a comparable basis, representation of women at senior executive level has remained constant, overall, at 24%.

WGEA reporting category	Number	% of women
Board (including the Managing Director and CEO)	9	33%
Key management personnel	9	33%
Other executive/general managers	58	22%
Senior managers	237	23%
Other managers	769	37%
Non managers including professional, clerical and administrative and sales employees	4174	70%
Total	5256	62%

Progress against diversity objectives set for 2014

The diversity objectives set for this year and progress against those objectives is outlined below.

1. *Increase the representation of females in senior management (key management personnel and other executive/general management) to at least one third by 30 June 2015 - ongoing.*

Representation is currently at 24%. Initiatives were in place to move towards this target in 2014 (see description of the women in leadership initiatives undertaken in 2014 below) and further action is planned for 2015.

2. *Maintain female representation of at least one third of the Non-executive Directors - ongoing*

This representation has been maintained, with 3 female Directors on the Board (out of a total of 8 Non-executive Directors).

3. *Develop initiatives in the following areas:*

• *embedding of diversity and inclusiveness messages in recruitment practices and guidelines*

A resource has been developed for leaders and employees which provides guidance on how diversity and inclusiveness can be integrated into everyday activities throughout the life cycle of employment including recruitment, onboarding, team meetings, development, recognition and transition to retirement

• *updating of compliance training*

The compliance elements of the training program have been updated and were launched into the organisation in June 2014. All employees will be required to complete the updated training module.

• *refresh and relaunch of flexible work options*

Leading a Flexible Work Environment training sessions have been developed and piloted with a group of approximately 100 leaders. This program will now be deployed throughout the company. The sessions are designed to equip leaders with the tools and resources to have quality conversations regarding working flexibly for both men and women. Flexible working support materials are currently being reviewed for relaunch in 2015.

• *development of communities of practice with a focus on women in leadership and return to work.*

A women in leadership community of practice program has been developed and put in place. The program is designed to connect and develop women leaders and educate men on the role they play to support this. The aim of the program is to reduce any barriers impacting women progressing into senior positions and the creation of a pipeline of women to progress to senior leadership positions. The program currently consists of:

- awareness session for all employees to outline the initiatives being undertaken and to get feedback on barriers seen and experienced
- workshops on addressing barriers faced by women in moving into senior leadership roles
- a social networking site to support conversations on women in leadership
- a return to work review. Return to work procedures have been reviewed to improve return to work rates and retain skilled and valuable employees. The procedures now include a requirement for managers to keep women informed and connected while on leave, plus guidance for discussions on working flexibly on return to work to optimise both employee and company requirements.
- targeting of women to participate in frontline management programs. Participation rates for women in these programs, in both 2013 and 2014, have been 51%
- an annual graduate intake in which women represent 39% of successful candidates.

Other actions completed have included:

- Undertaking of a comprehensive diversity survey which is being used to ensure the company's overall diversity and inclusiveness strategy is aligned to the focus areas identified by the survey.
- Increasing JV and subsidiary board and committee representation to 31% exceeding the target set in 2013 of 25%.

2015 diversity and inclusiveness objectives

The objectives for 2015 are designed to further develop the priority initiatives identified in 2014. They are:

1. Increase the representation of females in senior management (including senior managers and executives) to at least one third by 30 June 2015
2. Maintain female representation of at least one third of non-executive directors
3. Maintain female management representation on subsidiary and joint venture Boards
4. Develop and implement initiatives in the following areas:
 - Embedding of diversity and inclusiveness messages in recruitment practices and guidelines
 - Broaden training beyond compliance to assist leaders to leverage D&I as a business opportunity.
 - Refresh and relaunch of “flexible work options”
 - Development of Women in Leadership initiative including but not limited to:
 - i. Further enhancement of recruitment practices to ensure suitable female candidates are considered for all senior leadership roles
 - ii. A targeted development program for women to build the talent pipeline
 - iii. Gender reporting of leadership roles and recruitment at divisional level
 - iv. Further development of the Community of Practice to incorporate network building and sponsorship
 - Understanding of key diversity indicators at company and business unit level.



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