

Group Sanctions Policy Statement

Sanctions are defined as measures not involving the use of armed force imposed in situations of international concern that impose restrictions on activities that relate to particular countries, goods and services, or persons and entities. Sanctions are generally imposed due to concerns related to the repression of human rights and democratic freedoms of a population by a government, or the proliferation of weapons of mass destruction or their means of delivery, or internal or international armed conflict.

The United Nations (UN) Security Council imposes sanctions which all UN member states are obliged to implement domestically. Australia implements its obligations under UN law through the *Charter of the United Nations Act 1945 (COTUNA)* and the *Suppression of Financing of Terrorism Act 2002 (Cth)*.

UN Security Council sanctions requirements can include arms embargoes, travel sanctions, financial restrictions, civil aviation restrictions and import/export bans of certain commodities. Sanctions are also imposed against designated persons and may also include downgrading or suspension of diplomatic ties.

In addition, countries, including Australia, also impose their own autonomous sanctions programs in support of their foreign policy objectives and obligations. The sanction laws of multiple countries may apply to a single transaction facilitated by the Group. Sanctions regimes may be subject to frequent and somewhat sudden change. They can also be imposed at any time by any country, international organisation, or supranational body, and in general the effect is immediate.

The Group's corporate values, as per the *Code of Conduct*, include a commitment to strong standards of integrity, ethics, and conduct. As such, the Group is committed to compliance with its obligations under the *Charter of the United Nations Act 1945 (COTUNA)*, Australian autonomous sanction programs and relevant economic and trade sanction laws in countries through which services are facilitated.

Effective management of sanctions risk is therefore fundamental to the Group's purpose and wellbeing for our customers, employees, partners, and communities. A clear, transparent, and risk-based corporate policy in relation to sanctions articulates this commitment into a group-wide framework to identify, mitigate, and manage the risk(s) of sanctions. Under the Group's risk-based framework, the Board of Directors sets the risk appetite, oversees the establishment of robust business-wide risk management policies and procedures and defines risk limits to guide risk-taking within the Group.

Group Sanctions Policy Objective

The objective of this Policy is to set out:

- The Group's formal approach for the identification, treatment and management of the *Sanctions* risks;
- The compliance obligations and expectations within the Group associated with *Sanctions* risks;
- The roles and responsibilities of the *Three Lines of Defence* in managing the *Sanctions* and compliance obligations and associated compliance risks which is an important element in establishing and maintaining a strong compliance culture.

Group Sanctions Policy Principles

The Group Sanctions Policy is to set out the minimum expectations, and principles applicable to the Group and a framework which manages and seeks to mitigate the associated risks of sanctions that the Group may reasonably face. Additionally, the purpose of this Sanctions Policy is to clearly state the Group's position in relation to a commitment to compliance with sanctions programs, and to

identify, mitigate, and manage any sanctions risks whilst providing guidance about the meaning of sanctions, and consequences of failing to comply with this Sanctions Policy.

The Sanctions Policy applies to Bendigo and Adelaide Bank Limited (BEN) and its controlled entities (collectively; the 'Group'), its directors (executive and non-executive), employees, Authorised Representatives, Community Bank companies third party suppliers and third parties acting for or on behalf of the Group. This Policy covers any activity or behaviour undertaken during the course of, or in connection with, employment or acting on behalf of the Group, regardless of the geographical location (whether foreign or domestic) in which that activity or behaviours occur. Those parties that this Policy applies to hereafter are referred to as the "Applicable Parties".

The Sanctions Policy is reviewed regularly by Financial Crime Risk (FCR) and Chief Compliance & Financial Crime Officer who is the Group's nominated Sanctions Officer.

The Group has established a robust Sanctions Compliance Program which enables the Group and its Applicable Parties to identify, mitigate, and manage any potential sanctions risk(s) it may reasonably face whilst maintaining compliance with Australian and international sanctions laws.

The Group undertakes regular risk assessments to identify the Sanctions risks that the group may reasonably face.

The following key principles govern the Group's approach to sanctions.

- The Group complies with the requirements of the Australian sanction laws.
- The Group complies with non-Australian sanctions programs where they are applicable to the Group based on the service(s) provided. For example, a payment in US Dollars will be processed via the US financial system and will therefore be subject to the US sanctions programs.
- Without limiting the above, the Group will comply with non-Australian sanctions programs related to comprehensively sanctioned countries and designated persons, entities, or equivalent issued by:
 - the United States (i.e., Office of Foreign Asset Control (OFAC));
 - the European Union (EU); and
 - the United Kingdom (UK).
- Products and services may not be offered where the sanctions risk has been assessed as being outside of the Group's risk appetite.
- The Group does not permit the establishment of Correspondent Banking relationships with a Shell Bank or with a Correspondent Bank that holds a relationship with a Shell Bank.
- The Group does not permit the establishment of a Correspondent Banking relationship that involves a downstream (or nested) service to another financial institution.
- The Group does not offer payable through accounts as a client of a Correspondent Bank.
- Third-party remittance services and digital currency exchanges represent a higher sanctions risk. The Group does not in the ordinary course of business provide foreign exchange or international transfer services to remittance providers or digital currency exchanges, except where appropriate controls may be implemented, and approval has been provided by the Chief Compliance and Financial Crime Officer & MLRO and relevant Business Unit Head proposing to establish the relationship.
- The Group will apply appropriate due diligence over the following key areas that may present sanctions risks:
 - Customers;
 - Shareholders;
 - Payments;
 - Trade Finance; and

- Third Parties.
- The Group will not engage in any activity involving the structuring of transactions for the stated or apparent purpose of avoiding sanctions prohibitions or restrictions (e.g., removal, obscuring, or otherwise modifying payment messages to misrepresent the parties and countries involved). If the Group has concerns as to whether or not a transaction or financial service may be used to avoid, circumvent, or conceal activity that may breach sanctions prohibitions, it will consult with Group Legal and/or relevant government agencies.
- The Group will provide staff with the appropriate training to support the Sanctions Policy principle, requirements, and the Group's sanctions compliance program outlined in this Policy.
- The Group will review and assess any breach of a sanctions regimes and meet applicable obligations to report to the appropriate authority in a timely manner and in accordance with the law. The Group is committed to cooperating with regulatory and law enforcement bodies. Any breach must be reported following the Group Operational Risk Management Framework.

Compliance and Disciplinary Action

Non-compliance with the Group Sanctions Policy will be treated seriously, and where applicable, can be subject to disciplinary action including the potential termination of employment.

Any staff member who knowingly or recklessly breaches the Group's Sanctions Policy and associated supporting standards and procedures can be subject to disciplinary action.

If required, steps will be taken to comply with any law that requires such matters to be reported to a law enforcement agency. The Group will, as required by law, cooperate with any law enforcement agency responsible for investigating or enforcing any Sanctions related matters.